

EVALUATION REPORT



सत्यमेव जयते

INTRODUCTORY

Setting up of the Working Group.

In their Memorandum No. SSI(A)-28(83)/58, dated the 30th January, 1959 as modified on 20th March, 1959, the Ministry of Commerce and Industry, Government of India, set up a Working Group for evaluation of Small Scale Industries programme with the following members:

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| (i) Shri P. B. Advani—Chairman | |
| (ii) Shri H. C. Mathur. | } Members |
| (iii) Dr. P. S. Lokanathan. | |
| (iv) Shri G. L. Bansal. | |
| (v) Shri P. C. Basu. | |
| (vi) Shri M. Bhatnagar. | |
| (vii) Shri L. N. Renu. | |
| (viii) Dr. S. L. Sharma—Secretary. | |

Evaluation Studies

2. According to the Memorandum, the Working Group was asked to undertake evaluation studies on the following:

- (i) Provision made and the actual expenditure in the first three years and the main items on which the expenditure has been incurred;
- (ii) Increase in production/levels of development and employment achieved as a result of the outlay;
- (iii) Improvements achieved in techniques of production and quality of products;
- (iv) Increase in the earnings of artisans;
- (v) Number of persons trained and the number of trained persons absorbed in the industry;
- (vi) Increase in exports of products or diminution in imports of corresponding products;
- (vii) Improvements in administrative and organisational set up for the efficient implementation of the programme, with special reference to the progress of industrial cooperatives;

- (viii) Short-falls in expenditure, if any, below the provisions made and the reasons therefor;
- (ix) Short-falls in production/development, if any, below the targets or levels of development envisaged and the factors accounting for the same;
- (x) A general appraisal of the extent to which the results achieved have been commensurate with the outlay, with particular reference to the cases in which the results have been poor or disappointing (the appraisal should include an examination of the extent to which the industry has been stabilised and thus enabled to reduce its dependence on subsidies, Government-assisted marketing, Government finance and other forms of Government assistance);
- (xi) An assessment of the extent to which the short-falls in (viii) and (ix) above were due to temporary causes or special difficulties of an unavoidable character and how far they are due to the basic weaknesses of the programmes or limiting conditions of a durable character;
- (xii) Whether the difficulties of small-scale industries in obtaining their fair share of raw materials are being overcome;
- (xiii) Whether under the new arrangements credit can be obtained without undue harassment;
- (xiv) Whether the provision of technical know-how and assistance is adequate; and
- (xv) Lessons of experience for the Third Five Year Plan.

Meetings

3. The Group held six meetings on 3rd March, 6th April, 27th to 29th April, 18th and 19th May, 6th and 7th June, and 13th and 14th July, 1959.

4. From the very start the Group felt that owing to the limited time at its disposal for submitting the report, it could not examine all the items of study referred to it in great detail. The Ministry's request for including under items of study examination of the Industries Programme in the Community Development Blocks was also considered by the Group and it regretted its inability to undertake this study owing to the very limited time at its disposal.

Issue of Questionnaires and Collection of Data

5. Questionnaires were issued to officers of the Central Small Industries Organisation, Directors of Industries of all States, and 300 small-

scale units spread all over the country. Personnel visits were also paid to all of these units as detailed hereafter.

Deficiencies in Returns

6. Replies from only 10 out of the 14 States addressed were received. The reporting States are: (i) Andhra Pradesh, (ii) Assam, (iii) Bihar, (iv) Bombay, (v) Madhya Pradesh, (vi) Madras, (vii) Mysore, (viii) Orissa, (ix) Punjab and (x) Uttar Pradesh. The returns received from almost every State, were incomplete in several respects, specially those from Bihar, Uttar Pradesh and Orissa.

7. Of the centrally administered areas, viz., Delhi, Manipur, Tripura, Himachal Pradesh and Andaman and Nicobar Islands, returns were received from the first three.

Coverage of Units

8. The rapid survey of the 300 small scale units mentioned previously covered six industries, namely, Mechanical, Electrical, Metal working, Leather, Ceramics and Chemicals. It was decided to constitute 15 teams consisting of one foreign Consultant and an Indian counterpart to complete the survey within a week's time. Two important industries for each State were decided upon from which the teams had to make their own selection of 20 units receiving assistance of one type or the other under the Small Scale Industries programme. An attempt was made to select these units from various size groups of employment and capital invested covering important places of industrial concentrations in each State. The list of industries selected for each of the 14 States is given in Appendix I. An attempt was made to disperse the selection of units as widely as possible. Owing to the limitations of time and staff, however, the units surveyed are not claimed to be representative of the wide variety of them that exist in various branches of small industries.

Other Sources

9. In addition to the data available from the rapid survey, information collected from the State Directors of Industries, Ministry of Commerce and Industry, Development Commissioner's Organisation, National Small Industries Corporation, Directorate of Industrial Statistics and the D.G.R. & E., has also been analysed and incorporated in this report with a view to assessing the impact of the programme.

Discussions

10. The Group met some loanees of Bombay and Delhi and ascertained their views on the subjects of interest to them like financing

facilities, technical help, hire-purchase assistance, raw material requirements, etc.

11. Discussions were also held with JDCs/Directors of the Institutes at Delhi, Bombay, Agra, Calcutta, Madras, Hyderabad and Rajasthan.

12. The Group also held discussions with the Directors of Industries of Bombay, Calcutta, Madras, Delhi, Punjab, Rajasthan and Madhya Pradesh.

Acknowledgements.

13. Our thanks are due to the different Central Government Departments and officers who have assisted us by supplying information and clarifying various points at short notice.

14. We are grateful to the Directors of Industries of the various States for their co-operation in supplying the necessary data in this connection and their assistance through the discussions held with them.

15. Our special thanks are also due to Shri A. S. E. Iyer, Development Commissioner (Small-Scale Industries) for his most willing cooperation with the day-to-day working of this Group.

16. We would further like to express our thanks to the Foreign Consultants and the Officers of the Development Commissioner's Organisation for their assistance in completing the survey of 300 units in record time.

17. Our indefatigable Secretary, Dr. S. L. Sharma and his staff have had to put in very hard work against a time limit and they have done it very well. We wish to record our warm appreciation of their work and specially that of Dr. Sharma.

SMALL INDUSTRIES PROGRAMME

18. Before attempting to explain the results of our evaluation we feel it necessary to give in the following paragraphs a general picture of the small-scale industries programme.

Karve Committee

19. The Small Scale Industries programme was designed and systematically developed at the commencement of the Second Five Year Plan. The Karve Committee appointed by the Planning Commission suggested a provision of Rs. 65 crores for this purpose for the Second Plan period. The Committee had envisaged creation of approximately 1,60,000 new jobs and felt that small industries should be able to meet an appreciable part of the increased demand for consumers goods.

Steps taken by the Central Government

20. Development of Small Scale Industries under the constitution is the responsibility of the States. As mentioned hereafter the Central Government started to take an increasingly important part in this development activity in the concluding part of the 1st Five Year Plan period. The Small Scale Industries Board on all-India basis was set up. The Central Government also created a special Small Industries Organisation under the Development Commissioner for Small Scale Industries. This Organisation has since been developed considerably. There are Joint Development Commissioners stationed in 7 States and it is intended to have a JDC in each State in due course. Industrial Service Institutes and Extension Centres etc., have been set up in several parts of the country for the purpose of helping Small Scale Industries. For rendering help in marketing, supply of machinery on hire-purchase basis and helping in the procurement of raw materials etc. National Small Industries Corporation has been set up with Head Quarters at Delhi with four subsidiaries in Delhi, Calcutta, Bombay and Madras. The Corporation has also been given the responsibility of setting up two Industrial Estates and also prototype-cum-training Centres. Arrangements have been made with the State Bank of India to finance small-scale industries.

Steps taken by the States

21. So far as the States are concerned some of them have strengthened considerably their departments of industries and co-operation for the execution of the various schemes for the development of Small Scale Industries and Industrial Cooperatives. They have liberalised terms for

granting loans under the State Aid to Industries Acts and some of them have also made arrangements for advance of loans through the State Financial Corporations. They have also taken steps to organise Industrial Co-operatives.

Financing of the State Schemes

22. Much of the finance for these States Schemes has been given by the Centre to the States either in the form of grants or loans. The succeeding paragraphs of this chapter describe at some length the various activities of the Centre and the States. They also show how co-ordination is being achieved between the various organisations and agencies.

Role of the Centre and States

23. As mentioned above, under the Constitution the subject of Small Scale Industries falls within the purview of State Governments which continue to play the major role in the development of small-scale industries. During the later part of the First Five-Year Plan, however, the Central Government came to play an increasingly important role in co-ordinating programmes and laying down a pattern of development on certain lines as recommended by the Small Scale Industries Board. The Central Government has undertaken to make financial contributions to State Governments for implementation of their schemes according to an approved pattern, and also to provide direct assistance through the Small Industries Service Institutes and Extension Centres and the National Small Industries Corporation and establishment of pilot projects. The aim has, however, throughout been to strengthen the State Departments of Industries to enable them to assist the small industrial units more effectively, as in most spheres like finance, supply of raw materials, coke, coal, power, workshop space, training and other facilities, it is the State Director of Industries who provides assistance. Even the Central Government organisations act on the advice of the State Director of Industries when providing most of the facilities, *e.g.*, supply of machines on hire-purchase, training of technicians, issue of import licences and so on.

Credit Facilities

24. Provision of credit facilities on liberal terms is one of the major planks of the Small Industries Programme and a large proportion of funds is being used by the State Governments for providing loans to small industrial units. While a major portion of these funds are being and will need to be disbursed departmentally, it has been recognised that increasing use should normally be made of the agency of banking institutions in routing Government loans. In addition, the State Financial Corporations, the State Bank of India and commercial and co-operative banks are encouraged to make their own funds available to small industrialists. The question of approving certain small industries for refinance by the Reserve Bank of India [under Section 17(bb) of the Reserve Bank of India Act] is under the Bank's consideration.

Supply of Raw-materials

25. The programme includes assistance in supply of scarce raw materials. Quotas of iron and steel are allotted by the Directors of Industries to small units. They also arrange for the supply of coke, coal etc. Allocations of non-ferrous metal, (copper) are made by Development Officer (Metals) in the Development Wing (who is also the controller of non-ferrous metals) on the recommendations of the Directors of Industries. As an experiment, the National Small Industries Corporation has opened a depot at Ludhiana for supply of iron and steel. Raw material depots may also be established by some State Governments following the recommendation of the Small Scale Industries Board to this effect.

26. Special attention is being paid to assist small industrial units to get licences for imports of raw materials, components, parts and machines on the recommendation of the Directors of Industries.

27. Small Scale Industries Board has recognised the importance of making available electric power to small industries and where necessary at subsidised rates.

Industrial Estates Programme

28. A special programme providing factory accommodation to small units with certain amenities in 97 Industrial Estates, in different parts of the country has also been accepted and financial assistance is being given by the Centre to the States for this purpose. In Okhla and Naini however, construction was entrusted to the National Small Industries Corporation on a pilot basis with the proviso that the estates will ultimately be handed over to the State Governments.

Common Service Facilities.

29. The Programme includes establishment of Common Service Facility Workshops in the midst of concentrations of small industries, particularly in Industrial Estates, where their services are required by small industrial units which cannot individually afford to own machine and equipment in these workshops. Most of these workshops are being set up by the State Governments with financial assistance from the Centre. Such facilities are, however, also provided at some Extension Centres set up by the Central Organisation where machines of the type referred to above are available.

30. Where entrepreneurs do not come forward to establish small industrial units in certain industries, particularly in under-developed areas, some experiments are being tried by setting up pilot workshops, owned and managed by State Governments, with a view to demonstrating the possibilities of developing such industries in those areas economically. These workshops are handed over to private parties as and when they come forward.

31. In Orissa an experiment is being tried of State participation with promising entrepreneurs, particularly when they are technically or otherwise qualified but do not have sufficient funds to set up their own industries. The management of such factories is carried on jointly by the State Government and the private entrepreneur who is encouraged to continue to purchase an increasing number of shares till he comes to own the concern himself.

Machinery on Hire-purchase.

32. A special programme for supply of imported as well as indigenous machines on hire-purchase has been introduced by the National Small Industries Corporation. This programme combines the benefit of credit facilities and assistance in securing the necessary machinery and equipment.

Training of Workmen

33. For improving the skill of the existing workmen as well as for providing an additional number of trained workmen to small industries, various schemes for training have been introduced for different trades by the State Governments with financial assistance from the Centre. In addition, the facilities of the Small Industries Service Institutes and Extension Centres, are utilised to teach workers in factories the use of improved tools and techniques in different operations as well as to teach proprietors and managers of such concerns improved methods in business management. The Central Footwear Training Centre has been established at Madras for advanced training in this trade. It is managed by the Small Industries Service Institute, Madras. Two prototype Production-cum-Training Centres are being set up, one at Rajkot in collaboration with U.S. T.C.M. and the other at Okhla in association with the West German Government, for specialised training in different engineering trades. These are managed by the National Small Industries Corporation. More such centres are likely to be set up in other States. The Small Industries Service Institutes also organise courses for training Government officers at different levels.

Institute for Industrial Designs

34. Setting up of a Central Institute for Industrial Designs which will assist small industrialists in improving their designs is on the programme.

Small Industries Service Institutes/Centres

35. A net-work of Small Industries Service Institute and Industrial Extension Centres has been set up by the Central Government for technical counselling and solving practical difficulties of the industrial units by correspondence as well as visits. Qualified Indian and foreign technicians have been appointed at these Institutes and Extension Centres to advise small industrial units who cannot themselves afford to have such officers on their pay-roll.

Quality Improvement

36. Efforts are made to improve the quality of the products manufactured by small industrial units by these Institutes and Extension Centres as well as by some State Governments which have introduced schemes for quality marking of products. The National Small Industries Corporation is also making efforts in improving the quality of products of these units.

37. The quality marking scheme of the Uttar Pradesh Government has achieved some success. Punjab is another State which has made successful efforts in that direction. Quality marking in these States has been extended to textile, utensils, sports goods, calico printing, hosiery, bicycles, sewing machines, machine tools and scientific instruments industries etc.

Sales Emporia

38. Some State Governments have established emporia or organisations to sell the products of the small industrial units. The National Small Industries Corporation, has been specially entrusted with the responsibility of getting for small industrial units stores purchase orders from Central Government Departments, export and wholesale orders. The Corporation has also set up five wholesale depots.

Ancillary Development

39. Efforts are being made by the National Small Industries Corporation to encourage the setting up of small industrial units as ancillaries and feeders to large industrial concerns.

Special Schemes

40. Special schemes are introduced by the State Governments combining the benefits of the different aspects of the above programme for Community Development areas, projects of the Central Social Welfare Board and for development of Industrial Co-operative Societies. Two special production centres have also been set up under the auspices of the Small Industries Service Institute. Trivandrum, for giving employment to educated unemployed persons.

Economic Surveys

41. There has been a sad lack of information on small industries. Efforts are made by individual State Governments from time to time to conduct surveys. An organisation has also been set up under the Development Commissioner for Small Scale Industries for carrying out investigations in different industries and different areas and to prepare Analysis and Planning Reports, which could offer an indication of the scope that is there for development of particular industries in particular areas.

Small Invention Development Board

42. A special programme has been introduced to encourage people who may be engaged in research work on improved tools, techniques, use of raw materials etc. A Small Inventions Development Board has been set up to develop this programme.

Small Scale Industries Organisation

43. The State Directors of Industries have now established offices in almost all districts and have increased the strength of their officers to man them. The Development Commissioner for Small Scale Industries heads the Central Government Organisations. He has under him Small Industries Service Institutes in all States and Extension Centres in 64 towns. He also coordinates the departmental activities with those of the National Small Industries Corporation as the Chairman of that Corporation. The Small Scale Industries Board, with the Minister of Industry, Government of India, as its Chairman and official and non-official representatives from all States and important institutions like the Reserve Bank, the State Financial Corporations, the State Bank, etc., as members helps in focussing attention on the problems of industries, formulates policies and programmes of assistance and provides continued guidance towards their progress. Coordination is also achieved with the activities of other Boards which are responsible for developing other industries through a Co-ordination Committee, of which the Minister for Commerce & Industry of the Government of India is the Chairman, and Chairmen and Secretaries of the All India Boards and important Government officials are members.



PLAN PROVISIONS AND ACTUAL EXPENDITURE IN THE FIRST 3 YEARS OF THE SECOND FIVE YEAR PLAN

Plan Provisions (General).

44. Originally a sum of Rs. 61 crores was earmarked for small industries. This amount was revised by the Planning Commission in consultation with the Commerce and Industry Ministry due to re-appraisal of the resources available and on the basis of expenditure incurred to Rs. 55.57 crores, as detailed below:—

Item	Amount in crores	
	Original amount	Revised amount
1. State Schemes	35	33.18
2. General Schemes*	6	..
3. Industrial Estates†	10	11.00
4. Central Schemes	10	11.39
TOTAL	61	55.57

45. This amount comes out of a total of Rs. 200 crores (now revised to Rs. 176 crores) which has been provided in the Second Five Year Plan for Village and Small Industries. Out of this amount about Rs. 120 crores represent the expenditure on building of productive assets and Rs. 80 crores as current development expenditure. No attempt was, however, made to sub-divide the provision for small industries into these two categories.

46. The outlay of Rs. 176 crores provided in the Plan covers the cost of schemes to be implemented directly by the Centre, central assistance for the assisted schemes and any expenditure which the States may incur from their own resources on centrally assisted schemes as well as those which are not centrally assisted. Working capital requirements were not included in the Plan provision. The States were required to work out their requirements of the working capital when submitting their detailed schemes for the first two or three years of the Plan period and

NOTES:—

*The general schemes have now been merged in the State Schemes.

†Most of the Industrial Estates are also constructed by the States.

indicate them separately. It was envisaged that as early as possible the bulk of the working capital needed should come from co-operative and other banking agencies.

State and General Schemes

(a) State Schemes

47. The State schemes for which a provision of Rs. 35 crores was made, were broadly classified in 4 categories, namely,

1. Technical service and research schemes e.g. training-cum-production or training-cum-demonstration centres.
2. Production Schemes of a pilot character initiated departmentally with a view to being turned over to Industrial Co-operative or private enterprise.
3. Loans to private concerns under State Aid to Industries Act.
4. Schemes for supply of Power.

This classification has since been revised *vide* para. 59.

(b) General Schemes

General schemes for which a provision of Rs. 6 crores was made and which are now merged with State schemes related to:—

1. Items which served more than one group of Industries (Hand-looms, handicrafts etc.) and included research institutions, emporia, Sales Depots, Exhibitions etc., and
2. Expenditure involved in strengthening State staff of Directorate of Industries.

These schemes were to be financed by the State Governments with central assistance and a sum of Rs. 3 crores each was provided for them.

State-wise Allocations

48. The Statewise allocation of the amounts provided for the State and General Schemes is given in the Planning Commission's letter No. CI/8 (1)/57, dated 4th November 1957 and is given in appendix II. No separate allocation was made for general schemes. The Planning Commission has also not as yet revised the Statewise allocations though the total provision for the State & General Schemes has been reduced to Rs. 33.18 crores.

Appropriation of Funds

49. In working out of the details of the Plan, the Central assistance and States' contribution could not be worked out separately. The total requirement of States for small industries was indicated and allotment was made. The apportioning of the expenditure between the Centre and the States had to be according to the pattern of assistance agreed

to by the Central Government from time to time. The pattern of assistance according to which the present Central assistance is given, is shown in Appendix III.

Plan Provisions and Expenditure

50. The total provision made during the years 1956-57 to 1958-59 for the State and General Schemes for the different States and the Union Territories amounted to Rs. 1912.88 lakhs which is about 58 per cent of the revised Plan provision of Rs. 3318 lakhs. Against this provision total expenditure of various States amounts to Rs. 1024 lakhs only upto December 1958 which is 63 per cent of the amount provided for the three years and 30.8 per cent of the total Plan provision.

51. The year-wise break-up of the amount provided between the Centre and the State Governments as also the total expenditure is given below:—

A. Provisions Made		Amount in lakhs of Rs.			
		1956-57	1957-58	1958-59	Total
Central Assistance		1360.54	400.00	453.90	1214.44
States' share		115.75	257.05	213.81	586.61
Union Territories		37.69	37.53	37.21	112.33
TOTAL		523.88	694.58	704.92	1913.38
B. <i>Expenditure incurred</i>		284.09	515.47	645.85	
C. <i>Percentage expenditure of the provisions made</i>		52	74	92	

Shortfalls and Reasons therefor

52. It may be noted that the rate of expenditure is gradually increasing and gap between the amount provided and actual expenditure is decreasing every year. The shortfall, however, in the first year of the Plan was 48 per cent of the provisions made for that year and was the heaviest. The reasons for this shortfall were:—

- (i) The machinery for sanctioning the schemes both at the Centre and States' level was cumbersome and caused inevitable delays.
- (ii) The States' Reorganisation which took place in October 1956 resulted in dislocation of work and resulted in shortfalls, and
- (iii) Shortage of suitable technical staff.

Sanction Procedures Stream-lined

53. These difficulties were appreciated by the authorities concerned and a meeting of the State Finance & Industrial Secretaries was called and a procedure was laid down according to which:—

- (i) The States would be informed about the amounts which would be made available to them as Central assistance in the month of November of the preceding year.
- (ii) State Governments were to formulate schemes on the basis of this information and get their schemes scrutinised by a high power committee under the Chairmanship of Joint Development Commissioners who were posted in the five Regions of India. The other members of this Committee were:

- 1. Secretary of Industries Department.
- 2. Representative of the State Finance Department.
- 3. Director of Industries.
- 4. Regional Director of the S.I.S.I.

- (ii) The pattern of assistance was also framed for the different schemes and an assurance was given on behalf of the Government of India that so long as the schemes conform to the laid down pattern of assistance, sanction of the funds from the Government of India would be forthcoming as a matter of course, and the State Governments could go ahead with the implementation of the schemes as approved by the Committee in anticipation of such sanctions.

54. The above procedure was followed but the time prescribed for each of the above steps was not strictly adhered to.

55. The procedure was further stream-lined from 1958-59 and the Planning Commission issued a directive to the State Governments *vide* their letter No. Plan.5/2/57, dated 12th May, 1958 according to which the State Governments were to be released funds every month to the extent of 1/12th of the promised assistance by the Centre. The State Governments had to submit to the Centre their figures of expenditure for 9 months (April to December) and their estimated expenditure for the next three months, and the Government of India were to issue appropriate sanction letters to the State Governments for this purpose within the overall ceilings provided by the Planning Commission. According to the new procedure the continuing schemes were not required to be referred to the Centre for implementation and the State Governments were left free to allot the amounts, according to their discretion

to such schemes. In respect of new schemes (which included a substantial change in the old schemes) the State Governments were required to send their schemes to the Joint Development Commissioners of Institutes/Directors of Institutes in each State. These officers were to recommend the schemes to the Ministry of C & I which would accord technical sanction to them. On a scheme being so approved technically, no further sanctions were required and administrative sanction for various other schemes could be given by the State Governments themselves.

Statewise Expenditure

56. The system was recently reviewed by the S.S.I. Board and the Board expressed its satisfaction over the working of this system. As a result of this the expenditure during the year 1958-59 has been 92 per cent and shortfalls have been reduced to the minimum. The following table gives the Statewise allocation and expenditure for the three years 1956-57 to 1958-59.

State	Amount provided	Amount spent upto March 1959	Percentage
Andhra Pradesh	157.01	117.66	75
Assam	69.81	37.89	54
Bihar	150.32	128.95	86
Bombay	175.76	71.95	41
J. & K.	44.83	37.20*	83
Kerala	86.37	60.63*	70
Madhya Pradesh	145.89	57.96	40
Madras	214.15	232.80	109
Mysore	81.57	65.01	80
Orissa	80.05	67.70	85
Punjab	161.86	135.14	83
Rajasthan	89.13	69.59	78
Uttar Pradesh	208.52	191.92	92
West Bengal	144.78	96.11	66
Union Territory & Pondicherry	112.23	74.90	67
TOTAL	1912.38	1445.41	76

57. It will be observed from the above Table that the highest percentage expenditure reached was by Madras, namely, 109 per cent and the lowest by Bombay and Madhya Pradesh. It is not possible to ascertain with any great accuracy the reasons of low performance in Bombay, Madhya Pradesh, and Assam. Two of these States were affected by re-organisation of the States. It seems that they have not yet been able to integrate their programme fully and are still suffering on that account.

58. It is observed that the performance as a whole has shown some improvement as a result of the streamlining of the procedures.

*Figures for J & K and Kerala are estimated for the last quarter.

Category-wise Analysis of Expenditure

59. Category-wise expenditure on various schemes for the years 1956-57 and 1957-58 and percentage of the amount spent to the amount provided is given in the following table. The figures of expenditure for 1958-59 and total expenditure in three years have also been given. No figures of provision category-wise for the year 1958-59 are however, available.

Category	Amount provided (Rs. in lakhs)	Amount spent	Percentage of amount (Rs. in lakhs)	Amount spent upto 31-12-58 (Rs. in lakhs)	Total
Block loans	542.10	432.38	80	88.33	520.71
Service Schemes	288.81	135.88	47	40.09	176.07
Service-cum-Commercial	139.67	45.31	32	22.57	67.88
Commercial	217.36	80.37	37	24.66	105.03
Common Service Facility	127.48	50.89	40	21.25	72.14
Subsidy on supply of power	1.10	0.42	38	0.01	0.43
Industrial Cooperatives	37.86	23.57	62	0.45	24.02
Strengthening of staff	27.62	30.72	111	27.64	58.36
TOTAL	1382.00	799.54	58	225.00	1024.54

60. The above table shows that while expenditure on schemes of loans under State Aid to Industries Act and Industrial Cooperatives has been as much as 80 per cent and 60 per cent respectively that on other schemes like Service Schemes, Service-cum-Commercial Schemes, Commercial Schemes and Common Service Facility Schemes which involved building construction work, purchase of machinery and raw material, ranges between 23 per cent and 47 per cent. So far as the block loans are concerned, it is true that a very high percentage of the funds has been passed on by the State Governments to the entrepreneur. But we do not know to what extent the money has been put into productive use. In view of this difficulty no comparison of schemes under State Aid to Industries Act and Industrial cooperatives with those of the rest is possible. The comparatively smaller percentage of the latter also points to the difficulties that were encountered in undertaking construction of buildings, placing orders for machinery and raw material, in getting foreign exchange required for the purchase of machinery etc.

61. It is also clear that the amount provided for strengthening the staff has been fully utilised. This may be due to the fact that funds are sanctioned by Government of India only after the expenditure is incurred.

Capital Assets and Current Outlay

62. From the material available with the Development Commissioner's Organisation, it has not been possible to ascertain the expenditure involved in the creation of the capital assets and current development expenditure. A questionnaire was issued by the Group to elicit replies to these and other questions. As stated elsewhere, their replies are incomplete and do not cover all the schemes sanctioned by the Government of India. As such, it has not been possible for the Group to ascertain with any measure of accuracy as to what amount of expenditure has gone towards creation of the productive assets and that has been spent on current development. Although the Group is fully aware of the difficulties involved in maintaining such classification of expenditure, it however, feels that such a break-up of the capital and current development expenditure is important for planning purposes and should hereafter be attempted. Therefore arrangement should now be made for such figures to be available for analysis in future.

INDUSTRIAL ESTATES

Plan Provisions

63. A provision of Rs. 10 crores was made for setting up Industrial Estates in the Second Five Year Plan with a view to providing conditions favourable to productive efficiency, maintenance of quality standards in production and economic utilisation of materials and equipment. The principal objective was to enable a number of small units to have proper workshop space and at the same time get the advantage of common services and other facilities such as a good site, electricity, water, transport etc. Being located near one another, some units could also be better able to use equipment and services of one another, so that they become inter-dependent and complementary to one another.

Organisation and Financing

64. The responsibility for construction and management of these estates rested with the State Governments. The Central Government advance to the State Governments entire cost of estates in the form of loans. Besides, grants are also made available for the purposes of planning and getting lay-outs of the estates prepared by the architects etc. The State Governments could run the estates either departmentally or through Corporations or such other agencies as they might decide on. The buildings are to be erected on sites selected by the State Governments and let-out on rent or rent-cum-purchase basis or, if necessary, sold outright. Provision is also made for selling only the site outright to the industrial units or giving to them on hire-purchase basis.

Progress during the First Plan

65. Ten estates were sanctioned in the First Five Year Plan out of which one was partially constructed, and the construction of the rest of

them was undertaken during the Second Five Year Plan. As there was no model of Industrial Estates in the country and as it was considered that the usual channel of construction through the Government agencies was time consuming, construction and management of two Estates were given to N. S. I. C., on a pilot basis. It was advanced loans to the extent of Rs. 68 lakhs out of the funds allocated for industrial estates.

Progress during the Second Plan

66. During the Second Plan, 110 Industrial Estates were envisaged to be located in different parts of the country and the provision of Rs. 10 crores was increased to Rs. 15 crores by effecting a corresponding reduction in the provision for State Schemes and general schemes. The Planning Commission has now accepted only 97 Industrial Estates and reduced the provision to Rs. 11.12 crores only. Twenty of these estates are in Community Development blocks and eight in pilot project areas. The amount provided in the plan for the 3 years 1956-57 to 1958-59, the schemes of the Industrial Estates sanctioned and completed year-wise is given in table below:—

Item	1956-57	1957-58	1958-59	Total
1	2	3	4	5
Loans including grants advanced to State Governments and NSIC (Rs. in lakhs)	111.22	193.73	199.05	504.00
No. of Estates sanctioned*	13	43	20	76
Industrial Estates completed	..	10	30	40**
Amount spent by State Governments and NSIC (Rs. in lakhs)	96.45	211.39	218.40	526.24

67. The names of Industrial Estates sanctioned so far, their total cost, the number of sheds to be constructed and sheds already constructed, persons employed in each of the functioning Industrial Estates are given in Appendix IV.

*No Schemes were sanctioned during 1955-56. A loan including grants of Rs. 8.48 lakhs was sanctioned for these schemes. Against this amount an expenditure of Rs. 12.5 lakhs has been reported.

**This includes one estate completed in 1955-56.

68. The expenditure incurred by the various States against the amounts provided for them as also the percentage of the expenditure incurred is given in table below:—

State	(Rs. in lakhs)		
	Total amount sanctioned from 1-4-56 to 31-3-59	Total amount spent from 1-4-56 to 31-3-59	Percentage (Approx.)
1. Andhra Pradesh	34.15	57.02	174
2. Assam	25.49	20.66	84
3. Bihar	25.89	26.93	104
4. Jammu & Kashmir	8.46	2.67*	37
5. Bombay	55.13	48.23	90
6. Kerala	32.45	46.80	147
7. Madhya Pradesh	33.64	27.20	79
8. Madras	56.25	75.05	134
9. Mysore	23.65	17.27	74
10. Orissa	26.68	24.24	89
11. Punjab	39.51	36.06	90
12. Rajasthan	15.30	10.45	66
13. Uttar Pradesh	33.68	41.93	123
14. West Bengal	25.57	28.06	112
15. N.S.I.C.	68.00	63.67	95
16. U.T.	0.15	..	..
TOTAL	504.00	526.24	102

69. From the above table, it will be seen that the progress on the construction of Industrial Estates, has proceeded on the whole satisfactorily. Some States have spent larger amounts than those sanctioned by the Centre. They have started all the Industrial Estates sanctioned to them, and completed most of them. The other States have not been able to do so, for reasons such as (i) slow acquisition proceedings; and (ii) the delays caused by the P.W.Ds. It will be significant to note that the States which have been able to achieve good results are those as have created special Divisions of Civil Engineers in the Directorate of Industries.

*The expenditure for the year 1958-59 is based on actual figures upto December, 1958 and estimated figures for the period January to March 1959 for J. & K.

70. It is more than evident that the Industrial Estates Programme has caught the imagination of the entrepreneurs and the State Governments are also equally enthusiastic about it. In view of its importance the Group feels that not only the original number of industrial estates, i.e. 110 should be restored but also a few more estates, if possible, be provided for during the current plan period. The additional amount required would be relatively so small that it should be possible to adjust it against the short-falls in the Small Scale Industries programme that have been indicated in this chapter.

CENTRAL SCHEMES

Scope

71. The programme of development for the small-scale industries to be implemented directly by the Centre for which a provision of Rs. 11.38 crores has been made in the plan, is divided into 4 categories:

- (1) Industrial Extension Service through the Small Industries Service Institutes, Industrial Extension Centres and Economic Investigation activities.
- (2) Giving of assistance in the procurement of raw materials, import licences and allocation of foreign exchange as also chalking out a Common Production Programme between large and small industries, and fixing targets of production in certain industries.
- (3) Establishing Pilot Projects and Production Centres in selected Centres and Industries.
- (4) Commercial—supplying machinery on hire—purchase, establishment of marketing service and setting up of ancillary units.

Industrial Extension Service

72. A net-work of Small Industries Service Institutes, Branch Institutes and Extension Centres has been planned all over the country. 15 Institutes—one in each State and Delhi, 4 Branch Institutes at Allahabad, Agra, Rajkot and Hubli and 64 Extension Centres in the different States, (a list of which is given in Appendix V) have been planned all over the country, 18 Extension Centres have already started functioning. The amounts provided and expenditure incurred on the Central Schemes for the three years—1956-57, 1957-58 and 1958-59 are given below:—

	Rs. in lakhs		% Expenditure to amount provided
	Amount provided	Amount spent	
I	2	3	4
Buildings	23.89	9.92	41.6
Machinery	106.80	27.11	25.4
72-Capital Outlay	43.59	5.87	13.4
Educated Unemployed	98.00	62.18	63.5
Ford Foundation			

1	2	3	4
Office & Staff (including allowances & honoraria) .	128.89	114.44	87.7
Other charges (including purchase of vehicles, stationery, raw material, for Ext. Centres, etc.) .	39.52	39.62	100.0
Foreign Consultants .	43.94	38.19	89.00
Training of Indian Technicians abroad .	4.78	1.24	25.0
TOTAL	488.41	297.57	60.00

Year-wise budget provision and expenditure provided for the year 1956-57 to 1958-59 is given in Appendix VI. The budget provision of 1959-60 and the estimated expenditure for the year 1960-61 have also been mentioned in the above appendix.

73. The estimated expenditure for the year 1960-61 is based on the difference between the amount provided upto 1959-60 and the total plan provision of Rs. 11.38 crores. This amount will have to be adjusted in the light of the expenditure incurred in the year 1959-60.

74. It would be observed from the above table that out of the amount of Rs. 4.88 lakhs only an amount of Rs. 2.98 lakhs has been used. The percentage of the expenditure over the amount provided is thus 60 per cent. only. The shortfall of expenditure on individual items is analysed below:—

Buildings

75. A study of the year-wise expenditure given in the Appendix mentioned above would show that an overall performance of 40 per cent. is achieved on lands and buildings. However, out of the total amount of Rs. 5.69 lakhs provided in the year 1957-58 a paltry sum of Rs. 38 thousand was utilised. It was in this year that a total ban on the construction activities was placed and no funds for construction of any building were sanctioned. Accordingly, all building activities during that year were suspended and a stress was laid on finding out rented accommodation for all Extension Centres, wherever possible. It was only in the last quarter of the calendar year 1958, that a decision was taken that the Institutes and Extension Centres should have their own buildings and a plan for construction of 59 buildings was approved. Of these buildings, 4 Institute buildings (Delhi, Calcutta, Madras and Bombay), were to be constructed departmentally by the Ministry of Commerce and Industry. Orders were also issued for construction of all buildings, costing less than Rs. 50,000 by the Ministry directly without intervention of C.P.W.D.

76. Of the 59 buildings to be constructed, sites for 50 of them have so far been found and acquisition proceedings are being undertaken which at the moment are at various stages.

77. Four Civil Engineers have been appointed to look after the work done departmentally and a proposal for creating a Civil Engineering Cell in the D.C.'s office is under the active consideration of the Government. The need for decentralising and streamlining the procedure of sanctioning building construction work and providing for funds for the same must however, be underlined. It has been brought to the notice of the Group that even in cases where the construction has to be undertaken by the Ministry of Commerce and Industry through private architects or through their own offices departmentally, according to the existing procedure as many as three sanctions have to be obtained namely, administrative approval, expenditure sanction and the sanctioning of funds, and C.P.W.D. & W.H.S. Ministry have to be approached a number of times before above sanctions are obtained.

* 78. This Group strongly feels that in so far as the execution of the work is concerned the C.P.W.D. and W.H.S. Ministry should only be concerned with laying down the broad principles such as prescribing of norms for the office buildings and residential quarters, specifications of the various types of the buildings and deciding the plinth area cost and cost index. The rest of the work should be decentralised and given over to the Ministry. It need not also be necessary for the administrative Ministry to refer cases over and over again for getting the sanctions.

Machinery

79. An amount of Rs. 248.39 lakhs was provided during the 3 years but an expenditure of only Rs. 95.16 lakhs was incurred on this account. This works out to 39 per cent. of the amount provided. The main cause for this shortfall, as referred to earlier, has been want of suitable accommodation for installing the machinery. Even a large portion of the machinery purchased and received through T.C.M. is lying in godowns unused for the same reasons.

Staff

80. The expenditure on "staff" and "other" charges has amounted to as much as 88 per cent and 100 per cent respectively. (A view was taken in the Group that this was rather strange in view of the fact that on buildings only 41.6 per cent. and on machinery only 25.4 per cent. of the budgeted amounts were spent). This, however, does not mean that expenditure on these items is comparatively more satisfactory than those on other items provided in the budget from year to year. It is understood that this apparently satisfactory utilisation of budget provisions under these two heads is due to the fact that the provision for staff is made on a very conservative basis. And it would not be correct to infer from this that staff at present employed in the institutes and extension centres is adequate. On the contrary, facts are that all newly created institutes are poorly staffed as stressed elsewhere and efforts will have to be made for strengthening the same if the institutes are to fulfil the purpose for which

they are established. Technical advice to a substantial extent has been given which would have been more satisfactory if workshops had been in possession.

NATIONAL SMALL INDUSTRIES CORPORATION

Sources of funds

81. The National Small Industries Corporation which was inaugurated in 1955 had undertaken the marketing service and supply of machinery on hire-purchase basis during the First Five Year Plan. These services have been continued in the Second Five Year Plan also. The other items of work delegated to this Corporation have been construction and maintenance of Industrial Estates at Naini and Okhla and setting up and running of the Proto-type Production-cum-Training Centres. It has an authorised capital of Rs. 50 lakhs, of which Rs. 40 lakhs is paid-up. The other sources of financing of this Corporation have been:

- (1) Loans for construction of Industrial Estates to be drawn out of the funds provided under the 'Industrial Estates'.
- (2) Loans and advances made by the Government of India for the purposes of carrying out other activities by the Corporation, namely:
 - (i) Running of wholesale Marketing Depots.
 - (ii) Hire-Purchase of machinery scheme.
 - (iii) Russian Footwear order.
 - (iv) Import of cycle components.
- (3) Grants for meeting the overall deficit of the Corporation and also for meeting such expenditure which is not likely to yield profit, like participation in Exhibitions, setting up of T.C.M. Centre at Rajkot and Indo-German Centre at Okhla, running of Mobile Sale Vans etc.

Funds provided and expenditure incurred

82. The amount of finances provided and expenditure incurred during the year 1956-57, 1957-58 and 1958-59 is given below:—

Details	(Rs. in lakhs)							
	1956/57		1957/58		1958/59		Total	
	Finance provided by Govt.	Actual	Finance provided by Govt.	Actuals	Finance provided by Govt.	Actual	Finance provided by Govt.	Actual
GRANT	12.00	10.24	33.72	27.82	30.03	38.15	75.75	76.21
LOANS	67.00	60.69	110.00	103.36	100.00	112.61	277.00	276.66
SHARE CAPITAL	10.00	10.00	20.00	20.00	..	..	30.00	30.00
TOTAL	89.00	80.93	163.72	151.18	130.03	150.76	382.75	382.87

N.B.—Actuals include reappropriations

83. Thus during the three years of its working, the Government has financed this Corporation to the extent of Rs. 382.75 lakhs. Of this sum, the loan on account of Industrial Estates (which has to come out of the Industrial Estate provision), the grant on T.C.M. machinery including incidental charges on the same, and Indo-German Centre at Okhla are not debitable to Plan expenditure. Amounts involved in these are:—

(a) Loans for Industrial Estates—Rs. 68.00 lakhs.

(b) Grants for T.C.M. and Indo—
German Machinery.

—Rs. 22.04 lakhs

TOTAL: Rs. 90.04 lakhs

Net receipts

Deducting Rs. 90.04 lakhs from the total sums received by the N.S.I.C., a balance of Rs. 292.71 lakhs is left as the net amount received by the N.S.I.C. of the Plan provision.



INCREASE IN PRODUCTION LEVELS OF DEVELOPMENT AND EMPLOYMENT AND INCREASE IN EARNINGS AS A RESULT OF OUTLAY

84. The first meeting of the Standing Committee of the SSI Board had decided that a test check of selected units should be made by the Directors of Industries and by the Small Industries Service Institutes to ascertain whether block loans had been utilised for the purpose for which they were given and whether necessary technical and other assistance was made available to such participants. Accordingly a test check was made by the Small Industries Service Institutes of Madras, Bombay, Calcutta and New Delhi. These were however, conducted for a limited purpose and only a restricted number of units was covered. In addition the Small Scale Industries Board at its 9th meeting held on the 28th and 29th September, 1957 had recommended that a survey of 11 industries in 27 centres be undertaken. Accordingly the Small Scale Industries Organisation has been collecting returns on these industries from time to time, although with limited success, which have been analysed by us for our purposes.

Industry Outlook Reports

85. Industry outlook reports issued from the Small Industries' Organisation show that production has generally been increasing in the small scale sector. For example, in the case of builders hardware production (value) went up during 1955-58 by 47 per cent. and that of hand tools by 257 per cent. during the same period. Notable increases were also recorded by bicycles and sewing machine manufacturing whose production increased between 1956-58 from 76,481 to 1,67,000 bicycles and 22,803 to 30,945 sewing machines respectively. Production of bicycle spare parts and accessories also went up in the small-scale sector from 182 lakhs (1956) to Rs. 300 lakhs (1958).

86. It also seems that production of electric fans in the small-scale sector has gone up from Rs. 50 lakhs in 1956 to Rs. 94 lakhs in 1958 in value i.e. by 88 per cent.; of paints and varnishes from 8,300 tons (1956) to 9,600 tons (1958) or by 16 per cent.; of soap from 11,000 tons (1956) to 12,300 tons (1958) or by 12 per cent.

N.S.I.C's Enquiry

87. The NSIC has also collected valuable data on production/employment in factories working in the Okhla Industrial Estate. A survey of 29

units in production since over a year or more was undertaken which has revealed that since their coming in the Estate they had jointly recorded an increase in production from about Rs. 25 lakhs to about Rs. 100 lakhs per year. This increase in production was accompanied by an increase in employment of additional 500 workers *i.e.* from 300 workers to about 800 workers. While comprehensive information—on expansion of production in units belonging to other industrial estates is still being collected, figures of employment in 16 of the Estate that are available show that 18½ units of which 55 are old and 126 new have been accommodated in these estates. These employed 611 workers prior to their entry, and this number has now gone up to 2,495—an increase of over 408 per cent.

88. Further indications also show that as a result of supply of machinery to small-scale units on hire—purchase by NSIC both production and employment have gone up. Replies to the questionnaire issued by the Corporation in 1957 for assessing the impact of its Hire-Purchase Scheme on production and employment have shown that in the case of 145 units to which machinery valued approximately at Rs. 41,62,000 had been supplied, production per month increased by about Rs. 8 lakhs yielding increased employment to about 990 workers.

Government Purchase Programme

89. The assistance rendered by the Corporation to small-scale units in the Government Purchase Programme also seems to have contributed materially to the increase in production in the small-scale sector. The value of contracts secured by the small-scale units with the assistance of the NSIC aggregated to 1.19 lakhs in 1956-57 and 256.12 lakhs in 1958-59. There has been a corresponding increase in the total value of contracts placed by the DGS&D on small-scale units from over Rs. 180 lakhs to Rs. 413 lakhs. Although it is not possible here to delineate the efforts of this scheme on the productivity and employment in each small-scale unit supplying government contracts, yet it may safely be assumed that on account of preference in favour of such units and a better buyer in the Government, taken as a whole, the units must have experienced substantial increases both in production and employment. The establishment of wholesale depots by the NSIC has also provided outlets to the products of the small-scale industries assisting them thereby in increased sales and better production.

Director of Industries

90. Director of Industries, Bombay in his reply to the questionnaire has given information regarding increases/decreases in production and employment in 25 of the 39 small-scale units granted loans under the State Aid to Industries Act. These units had received financial assistance upto 21st August, 1957, to the extent of Rs. 7.88 lakhs, and had enjoyed this facility for one year or more. Comparing their position at the time of

granting loans and as on 30th June, 1958, annual production had increased from Rs. 39.09 lakhs to Rs. 123.23 lakhs *i.e.* by 215 per cent. and employment from 474 workers to 725 workers *i.e.* by 53 per cent. No such data has been furnished by other Directors of Industries. And even in the case of Bombay State information on employment and production in the entire small-scale sector is not given. But it is stated that the number of small-scale units registered under the Factories Act, increased in the State from 7,693 in 1956 to 8,970 in 1958 or by 14 per cent. Employment in them went up from 1.71 lakhs workers in 1956 to 1.95 lakhs workers, in 1958 *i.e.* by 12 per cent. Information about units employing less than 10 workers is however not available.

The Rapid Survey

91. Since the existing data did not give a comprehensive picture, it was decided by the Group to undertake a rapid survey of 300 units belonging to six industries in all the States of the country, excluding Jammu and Kashmir as stated in Chapter I.

92. Of the units surveyed 254 or 85 per cent. were either partnerships or proprietary firms, about evenly divided between the two: 32 or 11 per cent. were private limited companies, 6 or 2 per cent. public limited companies and 7 or 2 per cent. co-operative societies among those surveyed (See Appendix VII Table 1).

93. According to the reported value of fixed assets, 36 units or 12 per cent. of those assisted were in the range below Rs. 10,000; 57 units or 19 per cent. in Rs. 10,000 to Rs. 25,000 range; 120 units or 40 per cent. in Rs. 25,000 to Rs. 1 lakh range; 70 units or 23 per cent. in Rs. 1 to 3 lakhs range; 14 units or 5 per cent. more than three lakhs of rupees range and 2 units* or 1 per cent. over Rs. 5 lakhs. Thus it seems that the largest measure of assistance that went to the units was in favour of units with fixed investment of over Rs. 25,000 (See Appendix VII Table 2).

94. Of the total 300 units surveyed, 32 units or 11 per cent. reported no change in their production since receiving one or the other kind of assistance, 134 units or 45 per cent. reported increase and 134 units or 44 per cent. did not give any report. As far as production increases are concerned, 9 units or 60 per cent. in electrical; 78 units or 47 per cent. in mechanical; 28 units or 44 per cent. in metal working; 5 units or 28 per cent. in leather; 9 units or 39 per cent. in ceramics and 5 units or 31 per cent. in chemical industries, reported increases in various ranges. (*Vide* Appendix VIII Tables 1-6).

95. In mechanical industry, covering the largest number of units reporting (91), 78 reported production increase ranging from 5 per cent. to over 100 per cent. 21 units reported increases over 100 per cent.; 17 between 10 to 25 per cent.; 16 between 25 to 50 per cent. and 14 between 50 to 100 per cent.

*These 2 units were reported as small when they established contact with the S.I.S.I. but were found to have expanded since.

96. In metal working, units recorded increases between 50 to 100 per cent.; 6 above 100 per cent., 6 between 25 to 50 per cent.; 3 between 10 to 25 per cent. and 6 below 10 per cent.

97. Of the nine electrical units reporting increase in production 2 were able to expand production above 100 per cent.; 4 between 10 to 25 per cent., one each between 25 to 50 per cent. and 50 to 100 per cent. Only one reported small increase below 10 per cent.

98. In chemical industry, of the five units reporting increases, 2 showed increase beyond 100 per cent. 2 between 50 to 100 per cent. and one between 25 to 50 per cent.

99. In ceramics industry, four showed increases between 25 to 50 per cent., three between 50 to 100 per cent. and two above 100 per cent.

100. In leather industry of the 5 units reporting increases in production, only one unit reported increase between 50 to 100 per cent.; three, between 10 to 25 per cent. and one below 10 per cent.

Additional Data

101. In addition to the above, comparable data for 51 units belonging to 10 different industries for two comparable periods, *i.e.*, July to December 1957 and January to June 1958, available with the Small Scale Industries Organisation have also been studied. The value of their output is reported to have gone up by 26 per cent. with an increase of 10 per cent. in fixed capital. Tables showing increases or decreases in production by industries are given in Appendix IX.

Increases/decreases in employment

102. Increases in employment have, however, been recorded not always to the same extent as production. In the case of electrical units, 6 units or 40 per cent.; in mechanical 58 units or 35 per cent, in chemical 7 units or 48 per cent., in metal-working 22 units or 36 per cent.; in leather 6 units or 33 per cent. and in ceramics 9 units or 30 per cent. reported increases. It is significant that in case of mechanical, electrical and ceramics industries, employment increases lagged behind production increases and in 2 industries, viz., leather and chemicals, percentage employment increase was more than that of production. In a few instances only (5 units), employment showed a decline owing to increases in productivity as a result of improved techniques and machinery.

103. It is equally noteworthy that in all industries surveyed nearly 49 units reported reduction in their manufacturing costs and another 44 units experienced reduction in materials' wastage which also contributed substantially to both materials' utilisation and production increases.

104. The above analysis shows clearly that in the case of majority of units that received assistance, production increases were more significant than employment increases. It is not possible to precisely determine the gains from each type and quantum of assistance rendered, but it is evident that without such help such gains would be much less.

105. It must be stated that during the survey many units did not give data regarding production and employment increases. As for example, of the 165 firms in the mechanical industry, 74 did not supply any data on the subject. Had there been time available with the survey teams, further contacts would have been made and the picture will have been brought out more clearly.

106. Possible increases in production followed by larger employment were also not obtained owing to raw material shortages or their availability at very high prices in the "open" market, difficulties of importing machinery and components, and inadequacy of technical training.

Capital-output/labour-output ratios

107. From the foregoing analysis it is difficult to establish any positive co-relation between production and employment in the case of the vast majority of small industries. A few industry-outlook reports issued by the Small Industries Organisation, like Sports Goods, Bicycle and parts, Sewing Machine and Parts, Automobile Leaf Springs and Automobile Batteries etc., show that capital-output ratios and capital labour ratios vary widely from industry to industry and from unit to unit even within the same industry owing to such factors as locational advantages, increased availability of raw materials, improvement in machinery and methods, cost reduction, adequate and timely financing, marketing assistance etc.

108. To conclude, therefore, there is evidence which shows that as a result of various forms of assistance given to small-scale industries they have generally recorded increases both in production and employment. But by and large there have been greater increases in production than employment. The Working Group is aware however that in order to make truly comprehensive estimates it is necessary not only to have data regarding production and employment from the assisted units but also data relating to production and employment from the unassisted units. Since these are not available, our review should be read subject to this limitation.

Ancillary Production

109. Ancillary development forms an integral part of any Small Industries Programme. In Japan and the United States of America such ancillaries play a vital part in their economies. The Standing Committee of the Small Scale Industries Board appointed the Committee on ancillary

industries which examined this question in detail and has submitted its report. Since the development of ancillary industries is an important matter, the SSI Board has been laying emphasis on their development from time to time. As a result the Corporation has been taking active interest in fostering the growth of ancillaries with the co-operation of certain large-scale units. It has been trying to promote ancillary units around large-scale factories as perpetual feeders of components and parts at pre-determined prices. In this connection a large number of units have been contacted both by the Small Industries Service Institutes and the Corporation for exploring the possibility of development of ancillary units as perpetual suppliers of companies and parts to them. A number of large-scale units were contacted in this behalf, belonging to the public and the private sectors.

NSIC's Assistance

110. The Corporation is also engaged in persuading large units to supply to the Small Industries Service Institutes, a list of items required by them together with specifications and drawings. The Institutes, on their part, are to recommend names of small units capable of fulfilling the requirements of the large units and manufacturing parts and components required by them to their specifications. The Corporation will be willing to underwrite the contract or take it in its own name for execution by the small-scale units through a sub-contract. This procedure is being evolved in order to ensure a regular supply of parts and components of proper standard to the large-scale units. In this connection 6 units belonging to the public sector and another 6 of the private sector have already been contracted.

Progress Made

111. As a result of the above contacts of the NSIC success in the case of setting up 8 ancillary units has been achieved. Four of these units will serve as feeders of components to a cycle factory, all of which will be situated at the Industrial Estate, Kalyani, where a Central Tool Room will also be provided to offer them common service facilities. The large unit will supply the ancillary units with designs, drawings, and technical know-how etc. and will be willing to purchase the entire production at a price to be mutually settled. These units will manufacture Lugs, Cranks and also undertake forging work. The fourth unit will produce, handle bar-grips and rear light covers.

112. The fifth small-scale ancillary unit which will be set up at Bombay will manufacture and supply radiators for motor cars to an automobile manufacturer at pre-determined prices. The remaining three units will be set up as ancillaries to M/s Hindustan Machine Tools Private Ltd., Bangalore—a Government of India concern, two of which will serve as perpetual feeders of components required for assembly of

lathes. Raw materials, technical guidance, drawings, specifications etc. will be provided to those units by the Government undertaking. The third unit will produce bronze and non-ferrous castings.

Incentives

113. The above therefore, is an indication of the possibilities of ancillary development in the country. Laying down of common production programmes, persuasion by the DGS&D of large-scale contractors to sub-contract a part of their job to the small-scale units, or buy components and parts from them, and voluntary agreements between large-scale and small-scale units under which the former will buy components and parts from the latter are some of the steps which the Government and the NSIC are jointly taking to bring about speedy ancillary development. With a view to providing further encouragement the SSI Board has recommended to give a price incentive of 10% to the large-scale contractors in respect of such components and parts as they might procure from the small-scale units. A committee has also been set up to lay down separate targets of production for such items which can be produced both for the large-and the small-scale sectors. We feel that the development of ancillaries has not made much headway. The large scale industry of the country has tended to develop vertically.

114. New large-scale industries wherever feasible should be regulated so as to develop a broad base of small-scale units. Factories in the public sector should give the lead and set this pattern before the country. Persuasion and discussions are important and necessary but it would appear that without some special steps little progress can be expected. It is however, understood, that the Government fully realises the importance of ancillary industries and is getting the matter separately examined by a committee recently set up by the Standing Committee of the Small Scale Industries Board.

Increase in the Earnings of Artisans

115. Total wages and salaries paid are the results of individual rates multiplied by number of employees and period of employment. Individual rates vary with the general price-level, economic conditions, bargaining strength, seniority as well as employees productivity. An attempt was made to assess changes in wage-rates resulting from increased productivity in surveyed units, all of which received assistance of one kind or another. Sometimes this increased productivity resulted from training and sometimes from new or improved machines, additional finance, better supply of raw materials etc. The relative effect of each of a combination of these factors is not known and even the absolute effect of each type of assistance for individual units is difficult to assess.

Results of the Rapid Survey

116. Among the reporting units surveyed, 9 or 50% showed wage-increases in various ranges in the case of leather industry, 60 or 36% in mechanical industry, 4 or 25% in chemicals, 14 or 22% in metal working, 2 or 13% in electrical and 2 or 9% in ceramics. The largest number of units reported increases between 10 to 25% (36 units) and 25 to 50% (29 units). Wage increase below 10% was recorded only by 2 units in electrical industry. In most cases, therefore, the wage increases have been more than the increase recorded by the Consumer Price Index (working class) which went up from 100 in 1954 to 114·8 in 1958.

Survey by the Director of Institute, Bombay

117. The Director, Small Industries Service Institute, Bombay, recently made a survey of 22 units in various industries that had received technical assistance. In all 601 workers were involved. It has been found that the increases in daily rate in their cases have varied from Rs. 0·12 to Rs. 3·00. Minimum daily wages of unskilled workers increased from Rs. 1·50 to Rs. 1·62 only but maximum wages of skilled workers have shown increases from Rs. 6·24 to Rs. 8·00 per day (not necessarily in the same unit). Two units failed to increase wages, one showed a lower average wage after assistance, because of production in the proportion of skilled labour and 12 have shown larger wage increases—10 percent or more.

118. Although no conclusive evidence, other than brought out by the surveys, is available to determine the exact nature and extent of wage increases for various categories of workers, indications however, exist to show that in the great majority of cases skilled labour benefited more than semi-skilled and semi-skilled more than unskilled, from the programme. This is normally desirable, as it places a premium on the development of skills which are essential to the increase of productivity and national welfare.

**SHORTFALLS IN PRODUCTION/DEVELOPMENT, IF ANY, BELOW
THE TARGETS OR LEVELS OF DEVELOPMENT ENVISAGED
AND THE FACTORS ACCOUNTING FOR THE SAME**

Common Production Programme

119. The term "Common Production Programmes" was used in the First Five Year Plan to express the desirability of considering the respective contributions that the large and the small scale industries could make towards meeting the total needs of the community and the measures which should be taken to enable small scale industries to fulfil the targets proposed for them. The steps envisaged for furtherance of such programme were reservation or demarcation of sphere of production, non-expansion of the capacity of a large scale industry and imposition of a cess on it. The Government of India Industrial Policy Resolution of April 1956 makes a mention that the State has been following a policy of supporting cottage and small scale industries by restricting the volume of production for the large sector by differential taxation or by direct subsidies and further that such measures will continue to be taken, whenever necessary.

Small-Scale Industries to develop their own strength

120. In the Second Five Year Plan it was emphasised that these measures were intended ordinarily to afford time and opportunity to the village and small scale industries sector to gain the necessary strength to develop on its own, and that these will have to be supplemented by positive measures of organisation and assistance and wherever possible, common marketing arrangements through cooperatives.

Targets of Production

121. From amongst the many industries which could be taken up on a small-scale, the Planning Commission fixed targets for only 3, namely, Bicycles and Sewing Machines and Storage Batteries. The SSI Board in its meeting held at Hyderabad in May, 1959, has recommended targets for a few selected industries as given in Appendix X. Effect should be given to these recommendations.

122. While the targets for industries mentioned in the appendix have been recommended only recently, those for bicycles, sewing machines and storage batteries have been in existence since the beginning of the Second Five Year Plan. In order to reduce competition between the

large-scale and small-scale sectors and for ensuring rapid development the common production programme for these three products was also decided upon. This is given below:—

Industry	Targets of production by 1956-61		
	Large-scale Sector	Small scale Sector	Total
(Figures in '000)			
Sewing machines	220	80	300
Bicycles	1,000	250	1,250
Storage batteries	350	70	420

123. The Second Five Year Plan not only aimed at achieving self-sufficiency in regard to domestic requirements of bicycles but also a progressive increase in the export of cycles from 1956-57 onwards. For meeting the domestic and export requirements envisaged by 1960-61, an output of 12.5* lakhs cycles was considered necessary. In view of the considerable employment potentialities of the small-scale sector, it was required to produce about 2.5 lakhs bicycles per annum by 1960-61, leaving the balance of 10 lakhs bicycles to be produced by the large scale sector.

Production of Bicycles.

124. In order to achieve this target a common production programme was decided upon. In 1958 the approved production programme for 3,54,000 bicycles involving 77 small units had already crossed the production target of 2,50,000 fixed by the Planning Commission.

125. The actual production of the small-scale units in 1958 was 1.67 lakhs cycles as compared with 9.06 lakhs in the large-scale sector (*vide* Appendix XI). Production in the small-scale sector, as stated earlier, has gone up during the years 1956-58 by 118 per cent, but in the large-scale sector it has gone up by only 36 per cent. Even with this increase, the small scale sector's production represents only about 16 per cent of the total production of cycles in the country or about 67 per cent of its approved capacity targets.

126. This progress has been recorded by the small-scale sector in spite of the competition from the large-scale units which are better placed in respect of resources, credit facilities, advertisement & publicity and more efficient salesmanship etc. The small bicycle manufacturing units have

*The Tariff Commission 1957 estimated the demand to be 14 lakhs of bicycles by the end of 1960.

so far had only one advantage over the larger ones in that each of the former was permitted to import components worth Rs. 20/- per bicycle as against Rs. 10/- allowed to a large scale unit. It has now been reduced to Rs. 10/- for small scale and Rs. 5/- for the large scale. This advantage may however, cease as soon as imports of components are completely eliminated.

127. In 1958, large scale industry manufactured 6,63,972 cycles and employed 7,076 persons. As against this small-scale industry manufactured only 76,481 cycles but employed 7,477 persons.

Bicycle Spare Parts

128. The production of spare parts and accessories (bicycles) has also gone up by 64 per cent during the 3 preceding years in the small scale as against 45 per cent in the large scale sector.

129. The contribution of the small scale units comes to about 48 per cent of the total value of such parts and accessories produced in the country during 1958.

Sewing Machines

130. In respect of sewing machines, the Second Plan envisaged expansion of production in the small scale sector to about 80,000 machines per annum as against about 2,22,000 machines in the organised sector. Like the bicycles industry, it was thought that this industry also offered possibilities of providing "a good deal of diffused employment". Expansion of production of sewing machines in the small scale sector has gone up, as shown before, by 35 per cent as against 54 per cent increase in the large-scale sector. This shows that the contribution of the small scale sector in 1958 has been 13 per cent of the total production of sewing machines in the country or about 38 per cent of its approved capacity target. See Appendix XI.

Storage Batteries

131. While targets of production were fixed for storage batteries as shown in the foregoing table, no production programme for manufacturing these in the small scale sector was formulated. Figures of production of these are also not readily available.

Restrictions on Large Scale Industries

132. In addition to the items where specific production programmes had been laid down by the Planning Commission in the case of certain other items the development of small scale industries has been assisted by a policy of non-expansion of the capacity in the large-scale sector. Such instances are of tanning, leather and radio receivers industries in the organised sector for which no expansion of capacity was envisaged during

the Second Plan period. In the case of footwear industry, an excise duty was levied on the large sector in March, 1954 (still in force), which has contributed to the expansion of the small scale sector. It is also understood that expansion of capacity in the organised sector of industries like furniture making, pencil, small hand tools, sports goods, etc. is being discouraged.

133. The spheres of production for large and small scale producers of agricultural implements have also been demarcated and the Licensing Committee has been following a restricted policy in regard to expansion in the large scale sector



CHAPTER VI

AN ASSESSMENT OF THE EXTENT TO WHICH THE SHORTFALLS IN (III) AND (V) ABOVE WERE DUE TO TEMPORARY CAUSES OF SPECIAL DIFFICULTIES OF AN UNAVOIDABLE CHARACTER AND HOW FAR THEY ARE DUE TO THE BASIC WEAKNESSES OF THE PROGRAMME OR LIMITING CONDITIONS OF A DURABLE CHARACTER

Buildings

134. As has been indicated in Chapter III, shortfalls in buildings, were caused by delays in obtaining suitable sites which restricted the activities of the institutes and extension centres. The difficulties of hiring rented premises also handicapped the utilisation of the machinery which in many cases has remained idle. Import restrictions and delays in obtaining imported machinery contributed materially to the shortfall under this category.

Raw-materials

135. Shortfalls in raw materials etc. were also caused either by their non-availability from indigenous sources or restricted supplies from foreign countries.

Technical Personnel

136. Difficulties have been experienced in recruiting suitable technical personnel to man the institutes and extension centres or run the facilities provided under this programme effectively. However, it is understood that maximum efforts are being made to meet these deficiencies which we are informed are likely to be over so far as the non-gazetted staff is concerned by the end of this July.

Other Reasons

137. Most of the shortfalls have occurred in State schemes, the reasons for which have been delays in preparation of layout of schemes, delays in obtaining sanctions, lack of qualified personnel, dependence on State P.W.D. for constructional activities, delays in selection of site and acquisition of land under the Land Acquisition Legislation, non-availability of indigenous machinery, difficulties of importing machinery and raw materials for running common facility and training-cum-production centres and restricted utilisation of block loans available for disbursement to small industrialists

138. Among the causes analysed above there are few that seem to be of an unavoidable character. Whereas steps in the direction of eliminating unnecessary delays are being constantly taken both at the Central and the State's levels difficulties in regard to the raw material and imported machinery will persist till these are produced in our own country and foreign exchange difficulties are overcome. However, at least with regard to iron and steel supplies it is expected that the situation will improve sooner as the three steel plants of the public sector go into full production. But the difficulties with regard to non-ferrous metals which are mostly imported are bound to continue so long as foreign exchange difficulties persist. These difficulties are, however, of a passing character and we are sure that they will be overcome as the Indian economy gets into further strides.

139. Deficiencies of staff are also of a temporary nature and the Group appreciates the steps that are being currently taken to overcome these limitations.

Disbursement of Loans

140. Attempts have been made from time to time to improve the disbursement of loans to small industrialists and there seems to be still considerable room for improvement. Disbursements have rather been limited in various States because of the non-availability of agencies to route them excepting for the State Industries Departments. The Group is fully aware of the recent attempts that have been made to utilise the agencies of the State Financial Corporations, the State Bank of India and Commercial Bank branches for this purpose. It is, however, recommended that the staff of the State Directors of Industries should be further strengthened and their outlook improved so that delays caused during the processing of applications are curtailed to the minimum and that the small entrepreneurs are able to get financial assistance at the time they need most. Every effort should also be made to rope in commercial banks for disbursement purposes and suitable inducements may be given to them by way of, say grant or subsidy or other means, for enabling them to finance industries both for working and fixed capital.

Shortfalls in Targets of Production

141. As stated in an earlier chapter it is only for bicycles, Sewing Machines, Storage Batteries that common production programmes for the large and the small-scale sectors had been decided upon. Accordingly production of these items in the small-scale sector has been receiving pointed attention of the Central Government. Shortfalls in production in these industries therefore are not significant and it can safely be presumed that by the end of the Second Five Year Plan, at least in the case of bicycles, the target will have been fulfilled. It is only in the case of

sewing machines that the progress has rather been slow and more concerted efforts will be necessary to raise production of these to the target level during the next two years.

142. It is to be appreciated that as a result of various types of assistance—technical, financial, marketing etc.—given by the Small Scale Industries Organisation, small scale industries have already gathered a considerable momentum. Adequate steps, should be taken to sustain and increase this momentum. The stride that the Small Industries Service Institutes/ Extension Centres and other branches of the Small Scale Industries Organisation have already made should be further supplemented by strengthening them through more and better equipment, additional staff, more advanced training, etc.



CHAPTER VII

IMPROVEMENTS ACHIEVED IN TECHNIQUES OF PRODUCTION AND QUALITY OF PRODUCTS

Institutes' Buildings

143. As mentioned in Chapter III, technical help is provided by the 15 State Small Industries Service Institutes, 4 Branch Institutes and 18 Extension Centres that have already been established.

144. The physical conditions of work in many of them are however not quite amenable to either effective coordination or efficient functioning. For example, institutes at Bombay, Calcutta, Madras and Delhi though oldest are still housed in a number of dispersed buildings on account of which it is not possible for the JDC/Director to exercise efficient coordination and control over their staff activities. The need for composite buildings for each institute and extension centre cannot be over emphasised if technical assistance has to be made effective.

Staff

145. The staff position at the institutes and extension centres shows that nearly 44 per cent of the sanctioned posts are still to be filled. In addition, it has also been found that where the major industrial concentrations are located (like Bombay, Madras, Calcutta and Delhi), even the present sanctioned staff strength is grossly inadequate. The situation at the smaller institutes and extension centres is worse. Therefore, the immediate task is not only to find sufficient number to fill up the vacant posts but to locate suitable technical personnel and/or arrange for the practical training of men with suitable basic qualifications for meeting the requirements of the expanding needs of the institutes and extension centres.

146. While staffing the institutes and extension centres, it is recommended that the special needs of the under-developed areas be fully kept in view. The Development Commissioner informed the Small Scale Industries Board at its 13th meeting at Hyderabad on 12th May, 1959, that he expected to fill all the non-gazetted sanctioned posts by the end of July. In order to ensure maximum utilisation of the available resources, it is suggested that fullest possible coordination between installation, supply of machinery, staff recruitment and posting be achieved.

Supply of Raw Materials

117. Institutes' activities are also suffering on account of inadequate raw material supplies, especially of controlled items. Procurement of raw materials is often delayed due to non-availability of required type and variety of raw materials, lack of foreign exchange and import difficulties, lack of funds and delays in sanction. It would assist the work of the institutes if such supplies were assured to them on a continuous basis so that they might render more effective demonstration, training and other service.

Workshops and Laboratories

148. To make extension service and technical assistance more efficient it is necessary that the institutes also have their own workshops and laboratories. In the case of several institutes it has been found that machinery has been lying idle for some time for lack of accommodation or suitable sheds. And hardly 10 per cent of the machinery required had been installed by September 30, 1958.

149. There is a great time-lag between sanctions and actual installation of machinery. It has been brought to our notice that machinery in most cases is not available ex-stock and the suppliers have given very long delivery periods. Delays in construction of workshop buildings and for providing electric connection seem to be other factors that have prevented the installation and use of machinery in time. The result has, therefore, been that even in the case of 4 erstwhile Regional Institutes 2 have no workshops at all and the percentages of installed machinery for Delhi and Calcutta are about 66 and 23 respectively. The situation at other institutes is worse. Six of the extension centres also have not been able to obtain requisite machinery so far and 7 of them are working with less than 50 per cent of the machines sanctioned. It is, however, understood that steps are being taken to ensure that the machinery and equipment are installed expeditiously in the buildings which are now being constructed.

Type of Equipment

150. Much of the work of the institutes and extension centres depends on the type of machinery and equipment available in their workshops and laboratories for either giving demonstrations of operations and processes for the benefit of industrialists or for their own staff competence, or for improving upon the quality of the products.

Quality and Production

151. While there is a provision for testing machinery at each institute, satisfactory equipment is still lacking. Efforts in this direction are being

made which it is expected will go a long way towards improving and ensuring better quality of products and services in the small scale sector. The quality marking schemes of the U. P., Punjab and Bombay State Governments are other steps to that end. This scheme has achieved some success in Uttar Pradesh and should be introduced in other states also.

N.S.I.C. and D.G.S.&P: Encouragement to Quality Production

152. The National Small Industries Corporation has also been encouraging production of quality goods by undertaking sales through its wholesale depots. The products are properly tested and quality marked under common trade name (Jansevak) given by the Corporation. In addition purchases of stores made by the D.G.S.&D., from small units through the assistance of the Corporation in accordance with prescribed specifications have also contributed indirectly to the improvement in quality. As a result of these activities small scale units are now taking increasing interest in producing quality goods.

Type of assistance given

153. Since the beginning of the institutes over 40,000 visits were paid by the technical staff to various units with a view to advising and assisting them. During the survey of 300 units referred to earlier, it was found that the largest number of firms were assisted with improved production techniques, raw material purchases, quality improvement, finance, Central or State Government purchases, procurement of machines, selection of machines, new or improved designs and improvement in machines. The units which received common facility service and help in utilisation of alternative raw materials were comparatively few. This necessarily does not indicate the relative demand for various types of assistance but reflects the great interest the small units have taken in improving their production techniques, quality marking services, proper raw materials utilisation and new and improved type of machines etc.

154. The survey has also revealed the great desire on the part of small industrialists for improving their knowledge of management practices by requesting for increased marketing advice, business management training, library service, help in cost accountancy and the like.

Examples of assistance

155. It is understood that in respect of certain industries on the technical side a very wide field has been covered while granting assistance. For example, in Bicycles and Parts industries advice has been given on such matters as the use of right type of raw materials, correct method of making dies and heat treatment, and simplified, improved and reduced number of operations yielding more accurate products. In Sewing Machines industry advice has been given in the making of dies, jigs and

fixtures, casting of various components, enamelling and electroplating etc. The Oil Engine industry has been assisted in the manufacture of spares like piston rings, cylinder heads, gudgeon pins etc.

Designs and Drawings

156. The need for suitable designs and drawings for smaller industries could not be over-emphasised. During 1956-59, 3,712 drawings and designs have been prepared by the institutes for distribution among small scale units. 9 Industrial Designers and Assistant Industrial Designers are working in the institutes at Bombay, Madras, Calcutta and Delhi. The Group notes with satisfaction the recent decision to make available the services of these designers to all the Institutes and Centres.

Designing Equipment

157. The work of designing requires proper workshop facilities and availability of necessary equipment in the workshops of the Development Commissioner and in private workshops which are not always equipped for this purpose. Likewise, the improved design cannot be adopted satisfactorily in the small scale units in the absence of suitable machinery.

Model Schemes and Technical Bulletins

158. For the use of small industrialists model schemes and technical bulletins, giving brief account of modern techniques and processes and the size of the plant, types of equipment, investment involved etc., are issued by the technical sections of the institutes. These serve as useful literature to either existing or prospective small entrepreneurs. So far 339 model schemes and 198 bulletins have been prepared. Arrangements have also been made to translate them into Hindi and regional languages.

Mobile Workshop Demonstrations

159. One of the important activities of the Institutes is demonstration through Mobile Workshops which are fitted with machinery and equipment required for blacksmithy, carpentry, shoe-making, sheet metal products, pottery and certain other trades. During 1956-59, over 1,920 centres were visited and these workshops held demonstrations in the use of improved hand tools and hand operated machines before nearly 8,000 artisans. It is believed that thereby interest was aroused in many to learn the use of the same and to acquire them.

Technical Information Advice

160. To provide an incentive to artisans for taking to the improved techniques, information regarding price, sources of availability of the machines, equipment and tools displayed in the vans is also freely given. Artisans have been advised to buy machines on hire-purchase through the National Small Industries Corporation. In some cases, various types

of improved tools have also been manufactured in the mobile workshops and supplied on the spot together with their uses demonstrated.

Result of the Demonstrations

161. Follow-up of some of these cases has revealed that a number of persons have effected improvement in their equipment as a result of the demonstrations. It is learnt that the van activities are being increasingly related to the actual needs of the towns and particular industries. However, more intensive and longer period of training will have to be undertaken if effective benefits of the van activities are to be passed on to the artisans.

162. Considerable improvements is also reported to have been achieved by many units in their methods of casting. New equipment for making tools and cores has been introduced. Proper melting techniques of brass, bronze and aluminium have helped the non-ferrous foundries in reducing rejections due to oxidation and gas accession. Advice towards improvement in the quality of products has also been given to units manufacturing glass, leather, soap, paints and varnishes, sports goods, rubber goods, plastics, brake fluid etc.

Supply of Machinery on Hire-Purchase and Quality

163. Improvement in the quality of products has also resulted from the supply of machinery by the N.S.I.C. to small scale units on hire-purchase basis. As a result of using special purpose machines supplied under this scheme, the small units are now in a position to manufacture acceptable standard of such items as bifurcated rivets, bolts and nuts, razor blades, radio parts and components, small hand tools and machine tools etc. By March 1959, the Corporation had supplied 2,234 machines costing Rs. 1.84 crores to the parties either as entirely new productive apparatus or as replacement machinery. Even in the latter cases, since the machinery supplied to the units is modern and new, the NSIC assistance has directly helped the manufacturers in improving the quality of their products.

Future Requirements

164. Keeping in view the diversity and dispersal of small industries in the country, it seems that even with the best of efforts the services provided will fall far short of the country's actual requirements. Small Scale Industries Organisation prepared a list of 300 concentrations of 92 industries in the country which shows that not only extension of the existing Institute's activities is necessary but many new branch institutes and extension centres etc. equipped with adequate field staff must be established to cater to such growing needs.

Need for Expanding Technical Service

165. From the discussions held with small industrialists and from other information available with the Group, it is evident that very good work is being done by the Institutes in some States. This should be followed up by institutes in other States also. As the requirements of industries expand, new units come into being and as and when the value of technical services rendered gets more widely known, it would be further necessary to expand these facilities.

Scope for Expansion

166. Most of the small industrialists contacted during the rapid survey referred to previously have spoken highly of the work done by the technical and other staff. It is encouraging to find that steps are already being taken to remove staff deficiencies and those of the buildings, machinery and raw materials etc. by the Small Scale Industries Organisation after carefully assessing the needs of each institute and extension centre. From the material placed before the Group, the impression gathered is that a very good beginning has indeed been made in this direction. There is, however, still considerable scope for developmental activities of the institutes/centres.

167. To sum up therefore, the technical assistance given by the Institutes and Extension Centres has started having an impact on small scale units in improving their techniques and methods of production and effecting improvement in the quality and design of their products. Small scale units themselves are also becoming increasingly aware of the scope for improvement in their techniques of production and their products. They have further begun to realise the importance of technical training for which increasing numbers in various trades seem now to be coming forward. With all this awareness and desire on the part of small Industrialists to improve their productive machinery and methods it is more than apparent that good beginning has been made by the Institutes and Extension Centres during the few years of their existence. The ground now seems to be more than prepared for a more intensive and extensive development of the services rendered by these technical Institutions. The Group is confident that in subsequent years the effect of the activities of the Institutes and Extension Centres will be felt widely than has been the case so far.

WHETHER THE PROVISION OF TECHNICAL KNOW-HOW AND ASSISTANCE IS ADEQUATE

Indian and Foreign Technicians

168. To improve the quality of technical know-how and provide facilities of advanced training and consultation, besides 221 gazetted and over 290 non-gazetted Indian technicians 16 foreign Consultants have been

working in one position or the other in the Development Commissioner's Organisation. In order to use the latter most effectively it is recommended that (i) job specifications and job descriptions should be worked out in detail in writing for each post of foreign technical consultant so that his services are fully utilised soon after his arrival, (ii) the maximum number of Indian counter-parts should be attached full-time to each foreign consultant so that the maximum benefit from his experience may be derived, (iii) the work of the foreign technical consultants and their counter-parts should be carefully followed-up, (iv) the foreign technical consultants should be afforded all possible facilities of modern drafting machines, tools, reference and library books etc. If any of these items is not available in India, it would be advantageous to ask them to bring such of them as they conveniently can while coming to this country and they may be re-imbursed by the Government on arrival.

Intensive Training Programme

169. In addition to the above suggestions towards using the service of foreign consultants to the maximum advantage a more intensive programme for sending staff of the Small-Scale Industries Organisation for training and refresher courses in suitable Indian concerns and abroad must be developed. It has been stated earlier that of the Ford Foundation grants while Rs. 38.19 lakhs have been spent on foreign consultants only Rs. 1.79 lakhs have been spent on training Indian abroad. While it is advantageous to have a foreign consultant training up a large number of counter-parts in the country, the trainees do not have the advantage of actual visits to and observation of the latest techniques in factories abroad. Owing to the Ford Foundation Grant when available no foreign exchange difficulty is involved in sending out our selected personnel, after completing their training in India, in order to help them in developing their outlook and minds through actual observations abroad. In view of the development under contemplation it is important that sufficient numbers be sent abroad who on return may staff the institutes/extension centres. More of Ford Foundation Funds should be used for training our young men abroad, the bulk of whom should be drawn from the Small Scale Industries Organisation of the Centre and the States.

On-the-job or In-plant Training

170. To meet the immediate requirements it is further recommended that a training programme may be developed by the Small Scale Industries Organisation under which persons with basic qualifications may be recruited for the various posts in the S.S.I. organisation and given on-the-job or in-plant training for one to two years in our own country.

Technical Training and Apprentice Training Committees

171. There is acute shortage of skilled workers in our country. If this deficiency could be made good, the small scale industries will gene-

rally benefit. The Technical Training Committee and the Apprentice Training Committee which submitted their reports in 1957 and 1959 respectively have made important recommendations towards meeting country's requirements (including small scale industries) for trained personnel, which have been accepted by the Small Scale Industries Board. The Group recommends that early action should be taken on these recommendations.

Training facilities at the Hindustan Machine Tool Factory

172. A Committee appointed by the Ministry of Commerce and Industry for suggesting the utilisation of technical training facilities available at the Hindustan Machine Tool Factory, Bangalore, has made valuable recommendations in its report with regard to providing specialised training for promising technicians who might be deputed by the engineering industry. In its report it is also recommended that the Government should assist small scale industries towards deputing some men for such specialised training at Bangalore. This step of sending skilled men from the small scale sector will be a step in the right direction and will go a long way towards improving the quality of products of small scale industries.



NUMBER OF PERSONS TRAINED AND THE NUMBER OF TRAINED PERSONS ABSORBED IN THE INDUSTRY

State Schemes

173. Training under the Small Industries Programme is organised both by the State Governments under their own schemes and by the Small Industries Service Institutes.

Training arranged by the Directors of Industries

174. Data on training organised by the State Directors of Industries show that most of them organised it as vocational training schemes. From the information available in the Small Scale Industries Organisation, it is noticed that the States, at the end of December 1958, had trained 2,536 persons in 15 different trades and 933 persons were still undergoing training in these trades. In response to a detailed questionnaire issued on this subject to the State Governments, only 7 States submitted replies and some of them were not complete in all respects. From the information available, however, it is noticed that Andhra Pradesh appears to have derived the maximum benefit from its vocational training programme. Out of 619 persons trained, 613 or 99 per cent have been absorbed in industries and about 45 persons have set up their own enterprises.

Employment of Trained Persons

175. Information from Mysore shows that 75% of the 183 persons trained in carpentry had been absorbed. In Bombay, out of 91 persons trained, 26 or 28.6% had been found employment while in Orissa 40% of the 175 trained had been employed.

176. From the foregoing, it is obvious that progress has not gathered any momentum and does not show significant results in some States. At a meeting with the Directors of Industries of Madras, Andhra Pradesh, Punjab and the U.P., it was gathered that insofar as their States were concerned, most of the trainees, who had completed training, had been either self-employed, got employment in factories or were persuaded to from cooperative societies to run industrial units.

Progress of Training

177. From the information available with the Development Commissioner, the progress of training envisaged in various schemes of the State

Governments may be shown as follows:

	No. of persons trained '56-59 as on 31-12-58	No. of persons under training as on 31-12-58
1. Match Industry	945	..
2. Tanning etc.	274	160
3. Plastic . . . . .	..	22
4. Blacksmithy	491	244
5. Glass Industry	53	18
6. Toy making	7	10
7. Food Preservation	23	..
8. Brush Making . . . . .	..	6
9. Wood Working	62	..
10. Cutlery . . . . .	..	30
11. Light Engineering	487	321
12. Ceramic	32	73
13. Electrical accessories	12	..
14. Miscellaneous	114	49
15. Sports goods	36	..
TOTAL	2,536	933

178. From the above table it will be clear that of the persons trained, largest has been in match industry—767 in Andhra Pradesh and 178 in Madras State. Next in importance are blacksmithy and light engineering group of industries in which 491 and 487 persons have been trained respectively while 244 and 321 persons respectively are still undergoing training. Tanning and leather industry is another instance where comparatively large number of persons has been trained or/are undergoing training.

Training Courses and Syllabi

179. However, from the information supplied by the Director of Industries and the material made available to the Working Group, it has been found that:—

- the duration of the course and the syllabus for training of artisans in each trade were not uniform in all States;
- the trainees who came to the Centre to take advantage of the training offered were not, in fact, the artisans themselves for

whom the Centres had actually been set up, but were those who either belonged to an artisans' family or, in some cases, outsiders not in any way connected with the trade;

- (c) after completion of the training, not all the trainees were known to have been employed though in one or two States trainees were assisted by State Governments either in getting employment or in starting their own concern by obtaining loans from the Government. In some cases the State Directorate of Industries assisted these trainees to form cooperatives;
- (d) the Training-cum-Production Centres could not be run properly as the correct type of teachers were not attracted to the Centre due to inadequacy of emoluments offered; and
- (e) the artisans for whom these Centres were established, or are being established, were not anxious to join the Centre and avail themselves of new techniques of production, as the stipends offered to them were not adequate.

Stipend

180. The need for laying down standard syllabi of training in different trades and the period of training in each trade with a view to achieving some uniformity in training them in all the States cannot be minimised. If the object of the training for the existing artisans in improved techniques of production in each trade is to be achieved, it is necessary to examine the possibility of offering better emoluments to qualified teachers as also the possibility of increasing the stipends to artisan trainees so that better class of teachers with certain minimum qualifications and also the artisans themselves are attracted to the centres.

Utilisation of Existing Facilities

181. Judging the needs of the country for technically trained staff it is recommended that in so far as the training of skilled craftsmen is concerned for assisting them in improving their techniques, existing facilities in the Small Scale Industries Organisation should be fully utilised. It is also recommended that the value of stipends should also be adequately raised in order to attract the real artisans for such training.

182. The Group also feels that tangible steps must be taken by the authorities concerned to ensure that all the trainees, after completing the course, are gainfully employed either by self-employment or through employment in factories.

Small Industries Service Institutes

183. Training organised by the Institutes, covers various courses for the benefit of small industry workers, entrepreneurs and officials of the Central and State Governments. For artisans and entrepreneurs the courses are conducted on subjects like Blue Print Reading, Footwear,

Heat-treatment, Foundry, Electro-plating, Thermometers, Business Management, etc., while courses for officials are meant for Block Level Extension Officers, District Industries Officers, etc.

No. of Persons Trained

184. The number of persons receiving training has been progressively increasing since 1954. In 1954, the training started with only 22 officers whereas in 1958 alone about 1,350 persons were trained in various trades. By the end of March, 1959, the Small Scale Industries Organisation has trained 4,240 persons and 567 persons were receiving training. In addition to training activities of the Small Industries Organisation, the Central Government gave grants and loans to various State Governments to run training-cum-production centres in various trades. From 1956 till 31-12-58, 2,500 persons were trained in various States in trades like wood working, cutlery, ceramics, sports goods, glass industry, black-smithy, tanning, light engineering etc. and 900 persons are under training since January, 1959.

Training of B.L.E.O.'s

185. For the block level extension officers (industries) training, State Governments have been allotted seats, but it seems that not all have utilised this facility. Against a 4-monthly capacity of 400 persons at the four major Institutes of Bombay, Madras, Calcutta and Delhi, an average of 225 persons have been in attendance. This shows considerable under-utilisation of the existing training capacity.

Business Management Training

186. Business management training for small industrialists has shown encouraging results. It has been difficult to meet all the requests and therefore, a procedure of selection has been followed. Among the 46 small businessmen selected for the last course, at the New Delhi Institute, about 14 trades are represented, viz., general engineering, chemicals, textiles, leather, radio, pottery, plastics, tyre retreading, refrigeration and cold storage, fountain pens, ice-cream etc. This shows wide general interest among small industrialists to improve not only their competence and outlook but also take advantage of their contacts with the business management staff to improve their accounting methods, costing methods, and general administrative practices. In view of the increasing demand for such courses and the necessity for them, it should be possible to expand these facilities further at other Institutes/Centres also.

Foreign Training

187. The Ministry of Commerce and Industry has been sending Indian technicians engaged in small-scale industries and officers of this Organisation connected with the development of small-scale industries for

advanced practical training in foreign countries as and when facilities are made available under the Ford Foundation Scheme. The Government of India bears the expenditure towards passage and maintenance allowance during the training period. The period of training varies from 6 to 12 months. Forty-two technicians have so far been sent to receive training in various trades in foreign countries.



सत्यमेव जयते

CHAPTER IX

IMPROVEMENTS IN ADMINISTRATIVE AND ORGANISATIONAL SET UP FOR THE EFFICIENT IMPLEMENTATION OF THE PROGRAMME WITH SPECIAL REFERENCE TO THE PROGRESS OF INDUSTRIAL CO-OPERATIVES

Existing Staff Shortages

188. Reference has already been made in more than one chapter to the acute shortage of technical and other administrative staff required for working such an extensive programme. An analysis of the staff strength shows that in the Office of the Development Commissioner, of the 45 gazetted posts sanctioned, 10 are still vacant; in the S.I.S.I., Delhi of 42 posts, 9 are vacant; at Bombay Institute, and Extension Centres out of 50 posts 15 are vacant; at Calcutta Institute and Extension Centres, of 42 posts, 10 are vacant and at Madras Institute and Extension Centres out of 54 posts 18 are vacant.

189. Similarly, deficiencies also exist at comparatively newly established Institutes in the gazetted staff categories. For example, in Institutes and Extension Centres at Gauhati 6 (out of 7) vacancies exist, at Patna 4 (out of 9), at Cuttack 6 (out of 8), at Bangalore 7 (out of 11), at Hyderabad 1 (out of 6); at Trivandrum 10 (out of 18); at Srinagar 2 (out of 3); at Jaipur 5 (out of 6); at Ludhiana 6 (out of 17); at Kanpur 10 (out of 17); and at Indore 4 (out of 7).

190. Deficiencies in respect of non-gazetted technical staff, are equally disturbing. At Madras 41 posts are vacant as against 86 sanctioned; at Calcutta 41 vacant as against 95 sanctioned; at New Delhi 34 out of 89; and at Bombay 47 out of 101. Total deficiencies in respect of newer Institutes and Extension Centres are 108 vacant out of 185 sanctioned.

Staff Shortages in the States सचमेव जयते

191. These acute staff shortages also exist at the State level according to the information received from the State Directors of Industries. In the case of 5 States for which information is available, the percentage of posts vacant varies between 2 to 46—Bombay 45.5%; Assam 30%; Tripura 18 per cent.; Punjab 9.3 per cent. and Andhra 2%. The reasons assigned for these shortages are more or less common with those for the Development Commissioner's Organisation, viz., general shortage of technical and qualified administrative personnel; delay in obtaining sanctions and procedural delays in recruitment of staff.

Remedy suggested

192. In so far as the problem is one of acute shortage of technical and qualified administrative personnel, there can be no other solution except on the basis of special effort to select qualified persons as expeditiously as possible and give them suitable training both

in India and abroad. There should be a definite programme with specified target and the State Governments and the Central Government should determine the staff strength required and should try to recruit some within 12 months.

193. A special officer attached to the Development Commissioner should be exclusively occupied with the whole process of recruitment, training and placement.

Decentralisation of authority

194. Apart from staff strength the effectiveness of any service largely depends upon the degree of authority delegated to different levels of employees. It is beyond the scope of the present investigation to precisely go into the problem of decentralization of authority.

195. Efforts have also been made by various State Governments towards increased delegation of authority with a view to expediting their programmes and improving the efficiency of their respective organisations. In this connection, efforts made by the Governments of Madras, Bombay, Andhra Pradesh, Punjab, Orissa and Manipur Administration need mention. The creation of a special construction branch in the Industries Department of Madras State, under a superintending engineer, authorised to exercise all the powers of a chief engineer has been a step in the right direction which has contributed much to the advanced constructional programme of that State. Delegation of financial powers to the Joint Director of Industries is yet another step in the same direction. This question, however, needs constant examination by every State so that administrative bottlenecks are reduced to the minimum and the general effectiveness of the programme improves.

196. Generally, centralisation of authority and power to act retards the efficiency of technical and other services. The Group, therefore, is in favour of the principle of decentralisation of authority and powers to the fullest extent consistent with safeguarding the Government's interests, and carrying out policies and programme laid down.

Rectifying the Procedure

197. On the question of procedure, something very radical has to be done; otherwise all the difficulties and obstacles will remain. While commenting upon the question of decentralisation of authority we must emphasise that it is not merely a matter of decentralisation for its own sake. But it is a question of fixing responsibility upon each level of officer and giving him the right and authority for taking decisions. The officers should be clearly informed that they will be judged not by the few mistakes they may make but rather by the nature and quality of decisions they take and the speedy action which follow such decisions. It is recognised that this is rather a difficult matter but at present the officers are handicapped by a sense of fear of

being found wrong and, therefore, are reluctant to take initiative themselves. The criterion for evaluating the work of the officers should now be changed from a negative to a positive test.

Review of Personnel Requirements

198. In estimating the number of personnel required for various programmes connected with Small Industries of a very careful review is necessary to estimate the amount of work involved and every care should be taken to ensure that adequate number of officers is made available; for example, it is doubtful whether the present strength of officers for Industrial Estates, Hire Purchase of Machinery, and similar activities is at all adequate.

199. If what is said above is applicable to the Centre, the situation in the States calls for even more radical remedy. Both the number and the quality of the personnel need to be greatly improved. It is also for consideration whether the time is appropriate for a recommendation to be made to the States that they must build up an adequate structure almost parallel to the structure in the Centre. In other words, there should be counterpart officers in the States for every responsible officer in the Centre doing work in the same fields.

200. In a previous chapter mention has been made of the need for consolidating activities at this juncture, because the tendency to expand without consolidating the achievements already made and without careful preparation for the new activities that are being worked upon will only result in waste; sometimes it will also lead to demoralisation. While expansion should at no time be given up it should not be at the expense of efficiency or high performance.

201. Very little information is available with regard to the administrative set-up for the industrial co-operatives. It is gathered, however, that with few exceptions, this programme has not generally recorded any significant progress. The S.I.S.Is have appointed technical officers for developing such co-operatives. But the Development Committees at the State level have only been formed in Rajasthan, Bombay, Punjab, Delhi and Tripura. Only 18 cases of financial assistance given by the Directors of Industries to societies have come to the notice of this group. This shows that the entire industrial co-operatives programme needs to be reviewed in detail in order to devise means to develop co-operatives on a wide scale.

WHETHER THE DIFFICULTIES OF THE SMALL SCALE INDUSTRIES IN OBTAINING THEIR FAIR SHARE OF RAW MATERIAL ARE BEING OVERCOME

Variety of Raw-materials Used

202. From the survey of 300 units mentioned elsewhere, it is gathered that the majority of them are experiencing raw material shortages. These include a wide variety both of controlled and imported raw materials and the degree of their shortages also differs from unit to unit and industry to industry. Data showing the type of raw material shortage and the extent of it are tabulated in Appendix XII Tables 1-6.

203. In the case of electrical units there are 21 types of raw materials and maximum shortages have been reported of iron and steel, non-ferrous metals, alloys, chemicals, insulating materials, radio parts, etc.

204. In chemicals industry, 26 items of raw materials are reported as being used in which small units were experiencing shortages in various degrees, especially of pigmented dyes, copper, zinc, lead and white lead, solvents, rectified spirit, linseed oil, masonite, etc.

205. In metal working, about 22 items of raw materials are reported to be in short supply; maximum shortages experienced were those of iron and steel, zinc, copper, brass sheets rods and strips, tin, spring steel, etc.

206. In ceramics and glass industries, reported shortages were of about 8 items of raw materials like glass tubes, hard glass tubes, gold and platinum pin, potash, etc.

207. In leather Industry, shortage was mainly that of grindery.
Steel

208. It is well known that the country has been experiencing shortages of raw-materials especially of steel for some time. The following table gives the demand for and allocations of steel made during the past few years:—

Demand and allocation of steel to small scale industries from 1956-57.

Year	Demand (tons)	Allocation (tons)
1956-57	3,51,319	1,00,000
1957-58	2,09,268	52,700
1958-59	2,46,798	1,07,950
1959-60 (1st Qtr. only Apr.-June, 1959)	72,089	55,250

Availability of Steel

209. Allocation of steel to the small scale sector has rather been limited owing to its overall unhappy supply position. The total quantity available in 1956 was 3.2 million tons, in 1957 3.1 million tons and in 1958 only 2.5 million tons. In 1956-57 the supply position was better because the Government had launched an extensive import programme for steel. Since about the middle of 1957, however, imports of steel have been cut down on account of the foreign exchange difficulties. As a result there have hardly been any imports of mild steel since then. Besides, after March 1957, the quotas of different industries have had to be curtailed from time to time. In view of such supply position, allocation to the small scale units during the past 3 years has also been limited. However, it seems that the supply position in 1959-60 has improved considerably on account of which during the first quarter of the year, allocation to the small scale industries has been nearly 76% of their total demand.

Allocation of Required Categories

210. Apart from certain difficulties in securing physical deliveries of iron and steel in reasonably short time, the situation regarding the availability of steel in categories required by the small-scale units, continues to be unsatisfactory, particularly galvanised and black sheets, plates, wires and tin-plates. The requirements of these categories are at present being met only to the extent of 25 to 30% from controlled sources.

211. The Small Scale Industries Board had on more than one occasion discussed and recommended that only the required categories of steel be allotted to the small scale units. The Iron and Steel Controller was requested to make allocation on this basis corresponding to the indents submitted by State Directors of Industries.

212. The Board also desired that production programmes of re-rolling units be fixed in consultation with the State Directors of Industries, to meet local requirements particularly of the small scale sector. It seems that no workable solution has yet been reached on account of certain practical difficulties.

Controlled Raw-materials

213. Survey reports of 300 units have brought out the fact that controlled raw materials are ordinarily available to the small-scale units in the "open" market but at substantially higher prices. In order to improve the distribution of controlled raw materials, it is recommended that the Director of Industries in the States who deals with small scale industries should be the only officer who should assess the demand for the controlled

commodities and also later distribute the same to the small scale industries after allocation is made to the particular States. It is learnt that in some of the States, there is an Iron and Steel Controller also in addition to the Directors of Industries who look after other activities such as large scale firms, steel processing industries etc. If the control and distribution of steel and other controlled raw materials such as copper are left to the officer in charge of small scale industries, there are chances of its better distribution to the firms requiring it. In appropriate cases small industrialists should be given import quotas for their requirements of imported iron and steel.

214. In cases where any quantity of controlled raw materials was available with registered stockists for 'free' sale, it might preferably be made available to the small scale units through Associations of small industrialists and co-operatives. The Directors of Industries would be well advised to make use of these agencies as and when they get developed in their respective States.

Raw Material Depots.

215. The Small Scale Industries Board has recommended more than once the setting up of raw material depots by the State Governments—Assam, Jammu and Kashmir and Himachal Pradesh Governments particular. At its 13th meeting held on the 11th and 12th May, 1959, the Board has recommended that at least 2 such depots in each State be started before the 31st March, 1960. It is hoped that this recommendation will be implemented by the States wherever such depots have not been already established. Even when controls on materials like steel are lifted, such depots (for example for steel) will be of advantage to the small scale industrialists in view of the lower prices that they will charge, because of the advantages that they are likely to have on account of bulk purchase of such materials. Judged from this angle the group is of opinion that the setting up of the depots will have a justification even after the raw material supply position becomes easy.

Non-ferrous Metals: Brass Scrap

216. The supply position of copper, zinc, tin, etc. continues to be unsatisfactory and small units are facing acute shortages of these metals. The Development Officer (Metals) in the Development Wing, has been appointed as Controller of Non-ferrous Metals for making allocations of copper etc. to small industrialists. A matter of interest to small-scale industries, however, is that the National Small Industries Corporation is proposing to take over brass scrap from Ordnance Factories for distribution to small-scale units. It expects to lift about 300 tons of scrap per month from these factories. It seems that these arrangements are being held back on account of certain difficulties regarding the method of fixing the price at

which the Corporation would buy the scrap material. Since this would form an additional source of raw materials to the small units, it is recommended that this scheme be accepted and pursued vigorously.

Ad hoc Quotas

217. It has been suggested that *ad hoc* quotas for each State (depending on the number of small-scale units) may be fixed for items proposed to be distributed through the NSIC without waiting for detailed information to come in from each State. The Directors of Industries have pointed out difficulties of collecting data regarding consumption of such materials by small-scale industries without raising false or pre-mature hopes in them. It has, therefore, been suggested that the fixing of *ad hoc* quotas for such materials by the D.C.'s Office would enable each State to invite applications, assess consumption and distribute it among approved applicants. The practicability of this suggestion particularly with reference to the contents of the non-ferrous metals control order should be got examined by the Commerce and Industry Ministry.

Import Policy

218. In the Import Policy for the period April–September, 1959, there is no provision for the issue of Actual Users' Licence to small-scale units for non-ferrous metals or scrap. The imports are to be made through Established Importers or the State Trading Corporation. The procedure for distribution has not yet been finalised by the Ministry. The Small Scale Industries Board at its meeting held at Hyderabad in May, 1959 has recommended that a reassessment of the needs of copper and other non-ferrous metals for small-scale industries may be made in consultation with the Directors of Industries of States. After taking into consideration the quantum of imports expected during a quarter and the availability from indigenous sources the allocation may be made to the States preferably after consulting the State Directors of Industries. Based on the quantity available permits may be issued to the small industries keeping in view the priorities relating to products to be manufactured etc. It is hoped that this recommendation will be implemented.

Procedure for Issuing Import Licences

219. The procedure for issue of import licences to small scale industrialists for raw materials, components and machinery has been simplified. A simplified form of essentiality certificate to be issued by the Directors of Industries is in practice for the last one year. Recently, the Import Control Authorities have agreed to issue import licences to small scale industries on the same basis as is adopted by the Development Wing for scheduled industries in the large scale sector. They have also agreed for issue of import licences to small scale industries on the basis of an essentiality certificate issued for a prior period in the subsequent half year also.

Supply of Raw Materials to Units in Industrial Estates and Ancillaries

220. Regarding units situated within the Industrial Estates, the Group understands that imported raw materials and components will be given to them at least for the first one year on the basis of a single shift of 8 hours working. Similar concessions are being extended to entrepreneurs who have obtained machinery on hire-purchase basis from the NSIC. Ancillary industries which are operating in the small scale sector will be given import facilities for raw materials and components on the same basis as to the main industry in the large scale sector, so that the production of the large firm may not suffer due to want of raw materials in the ancillary unit.

Import Applications

221. The Import Control Authorities, it is understood, have agreed to consider the import applications from the small scale sector for items which are not shown for actual users in the Import Regulations. When a commodity or component is unavoidably needed by a small scale industry, it is to be considered on an *ad hoc* basis and import licence issued. A Deputy Chief Controller of Imports in the Organisation of the CCI&E has been appointed to examine the progress of issue of import licences to small scale industries expeditiously.



WHETHER UNDER THE NEW ARRANGEMENTS CREDIT CAN BE OBTAINED WITHOUT UNDUE HARASSMENT

222. All the State Directors of Industries were asked whether the present programme for distribution of credit to small-scale units through the Department of Industries, State Financial Corporations and the State Bank of India was generally adequate and satisfactory. No categorical replies have been received to this question, excepting from Punjab, whose Director of Industries thinks that the present programme is adequate and satisfactory, others have indicated the need for making the present arrangements more adequate and better.

Sanctioning of Loan Applications

223. In this connection, it may be worthwhile examining the hardship caused to the applicants on account of the time taken in the sanctioning of loans to them. In Andhra Pradesh for loans sanctioned by the Director of Industries and Commerce the time taken for disposal of loan applications is stated to be 3 to 4 months, and, those requiring Government sanction 8 months to 1 year. In Assam the time taken is reported as 8 months, for loans on personal surety (upto Rs. 1,000), to 1 year for applications requiring valuation of assets pledged as security. Madras and Mysore authorities have reported that the time taken for processing of applications is between 2 to 4 months and 3 months respectively. In Orissa and Rajasthan it takes 1 to 3 months between the receipt of applications and final decision.

Results of Industry Surveys

224. Industry surveys conducted by the Development Commissioner's Organisation show that borrowings from private sources still continue to form the major source of finance for small industries. This is perhaps, because of the availability of funds from private sources without many formalities and minimum delay to both of which loans from State Government, State Financial Corporations and the State Bank of India are subject.

Loans under State Aid to Industries Act/Rules

225. State-wise details of loans to small-scale units granted (i) under S.A.I. Act/Rules departmentally, (ii) through Financial Corporations and (iii) through the State Bank of India are given at Appendix XIII, Tables 1-5.

Departmental Loans

226. It is observed from these figures that loans granted departmentally accounted for Rs. 520 lakhs or about 66 per cent of the total loans disbursed to small-scale units through these sources. This is not very surprising in view of various attractive features of this assistance:—

- (a) Availability of loans upto Rs. 1,000 on personal bond.
- (b) Availability of small loans upto Rs. 5,000 on one or more sureties.
- (c) Availability of secured loans to the extent of 75 per cent value of the fixed and floating assets, including those created from the loan.
- (d) Concessional interest $2\frac{1}{2}$ per cent for loans upto Rs. 2 lakhs for industrial cooperatives and of 3 per cent p.a. for loans upto Rs. 50,000 for other units and
- (e) Repayment generally over a period of 10 years.

Rules of Security and Disbursements

227. However, it seems that emphasis has all along been on assets as security rather than on earning capacity of prospective borrowers at the time of processing applications. Expeditionary disposal of applications has also not been possible owing to administrative delays that are caused mainly due to the time involved in verification of credit status, valuation of assets and completion of legal formalities. On account of these delays it seems that even units fulfilling the requirements of rules and regulations experience some hardship and delays in sanctioning and disbursement of loans.

Working Group on State Aid

228. With a view to eliminating differences at the State level and for evolving a simplified and improved procedure, the SSI Board appointed a working group in January 1958. The following recommendations made by this Group are very significant.

- (i) All States should adopt a common pattern of delegation of powers to sanction loans, at various levels from Asstt. Director to Director of Industries, only loans exceeding Rs. 25,000/- may require sanction of the State Government on recommendation of State Industries Board.
- (ii) One or more investigators should be attached to every Industries Officer, for guiding applicants on the spot in filling application forms, verification of applications and inquiries regarding financial status.

- (iii) The limit for loans on personal bonds should be raised from Rs. 1,000 to Rs. 2,000 with option to provide surety wherever the personal bond is considered inadequate.
- (iv) For loans upto Rs. 2,000 it should be adequate to conduct local enquiries whether the applicant had reasonably good business reputation in the locality.
- (v) A panel of lawyers should be established and the work of verification of title deeds should be distributed amongst them whenever the Government Pleader is unable to assure disposal within a week's time.
- (vi) Verification of value of assets offered as security should be done by Department of Industries through its own staff which can be suitably strengthened.
- (vii) The State Industries Boards or Loan Advisory Boards should meet at least once a month.

The above recommendations are still being considered by the State Governments.

Repayment of Loan

229. The SSI Board has recommended to State Governments that the first instalment towards the repayment of loan should fall due after 2 years from the date of the receipt of loan. This is under consideration of various State Governments and has been introduced in Punjab and Kerala.

Inadequacy of Funds

230. All the Directors of Industries interviewed in this connection (except Punjab) held the view that funds placed at their disposal for this purpose fell far short of the requirements of the respective States.

State Financial Corporation

231. In order to institutionalise credit, it was decided towards the end of 1957 that Government funds for loans to small scale units should be routed increasingly through the SFCs by appointing them as agents of the State Governments for disbursement of loans. U.P., Andhra Pradesh, Bombay, Punjab, Assam and Rajasthan have so far appointed their respective SFCs as their agents.

Different System

232. Different systems have, however, been adopted in different States. In U.P. and Punjab, State Governments have placed certain funds at the disposal of the SFCs allowing them to receive applications and make their own enquiries in consultation with the Director of Industries,

sanction and disburse loans, and make recoveries. While Punjab has recently introduced this system, the results in U.P. show that the SFC was able to sanction larger funds than could be done in Andhra Pradesh or Bombay. In the former State applications are received by the Industries Department and are processed by it—the SFC being only used for disbursing funds, inspection and recoveries. In Bombay, on the other hand, applications are received by the SFC which also conducts enquiries and advises the Government on the suitability or otherwise of loanees. The actual sanction is, however, accorded by the Government and the SFC is expected to inspect and recover loans.

Verification of Title Deeds and Documents

233. In the case of SFCs it is found that considerable time is taken in verification of title deeds and documents. They are also handicapped on account of their offices being at Headquarters only. The U.P. SFC has appointed its own technical officer for evaluation of equipment and giving technical reports. Bombay, U.P. and West Bengal SFCs have entered into agency arrangements with the State Bank so that the latter could assist them in making enquiries in case of parties located at a distance from the Office of the Corporation.

Limiting Loan Operations to Medium Scale Units

234. In addition to the agency work, the SFCs are also sanctioning loans to small industrial units out of their own funds on their own terms and conditions. It is, however, noted that only 15 per cent of their total loans have been advanced to small industrialists and loans upto Rs. 50,000 account for only about 3 per cent of their total loan transactions. It is noticed that these SFC's have limited their loan operations till now to medium scale industry and more creditworthy units.

State Bank of India:

Liberalisation by the State Bank of India

235. The State Bank of India launched its scheme for expanding short-term credit facilities to small industrialists on reasonable terms in April, 1956. This initiative on its part was also expected to induce other commercial banks to enter the field. Starting with 9 centres, the scheme has been enlarged since December, 1958 to cover all the branches of the Bank in the country. The terms and conditions have also been further liberalised recently as a result of which the number of accounts operating under this scheme has gone up from 123 in December, 1956 to 826 by March 1959; and the amounts sanctioned from Rs. 67½ lakhs to over Rs. 2.61 crores during this period.

'Lock and Key' 'Factory types' and 'Clean' Loans

236. A test check carried out by the Office of the Development Commissioner in September shows that there was still heavy bias on the part

of the Bank towards 'lock and key' loans as against "factory-type" and "clean" loans. This test check revealed that key loans against pledge of stocks accounted for nearly 66 per cent of the total whereas "factory type" and "clean" loans each accounted for only 17 per cent of the total. The lock and key loans have obvious difficulties and cause inconvenience and irritation to the small scale entrepreneurs who have to await the arrival of the godown keeper before withdrawing raw materials. Therefore, it is a welcome feature that the State Bank has announced further liberalisation of its terms and conditions and is now prepared to advance more of clean or factory type loans than of the "lock and key" type.

Routing of Govt. Funds

237. The SSI Board has also suggested that possibilities of the State Bank acting as agent for State Government loans should be explored thoroughly. It was expected that by routing Government funds through the banking institutions rather than departmentally a larger number of parties and centres could be covered than is possible under departmental disbursement. This recommendation, we feel, needs to be pursued more vigorously to achieve the desired end.

Nature of Credit Facilities required by Small Entrepreneurs

238. It is only right that banks should increasingly take over the financing of small scale industry. But for this purpose the approach and mental make-up of bank management will have to undergo a radical change before banking institutions could be relied upon to serve and meet the growing financial requirement of the small scale sector. It is gratifying to note that State Bank has already taken certain encouraging steps and it is expected that with further realisation of the situation and needs of the times State Bank will be able to play the role assigned to it.

239. It is to be regretted however, that other commercial banks as subsequently shown have done very little in this direction and even the performance of the State Finance corporations has, by and large, been far below our expectations.

Exploring Possibility of Routing Govt. Loans through Banks

240. It has earlier been pointed out that funds from the Director of Industries take long time between the time when an application is made and the actual disbursement of loans. It is also understood that the Directors of Industries can only meet a part of the total requirements of funds of the applicants owing to limited funds at their disposal. Procedural delays, if curbed, would go a long way in providing timely help to the needy small industrialists. It is, therefore, suggested that the

possibility of routing departmental loans through the agency of the State Bank or other banks be further explored.

Commercial Banks

241. The progress made in inducing commercial banks to relax and liberalise their rules and extend this facility to the small scale industrialists has been meagre. This is due to lack of confidence about the resilient character of the small industry in general and about the marketability of their products in particular. On the recommendation of the SSI Board the Development Commissioner approached some commercial banks to toe the line followed by the SBI. Of the 30 banks contacted, 12 reported that they were already making advances to small scale units, 7 of them agreed to do the needful and 5 are considering the matter. The Group notes that the Standing Committee of the Board is already seized of this matter.

Urban Cooperative Banks

242. The SSI Board had recommended in January 1958 that 6 Urban Cooperative Banks in each State should be used for routing at least 10 per cent of the funds available for loans under State Aid to Industries Act. Only Bombay and Mysore have accepted the suggestion. The latter has routed about Rs. 30 lakhs through them. The other States are still considering the matter. This, however, needs to be pursued further.

Loans for Industrial Cooperatives

243. Financing of industrial cooperatives has been largely left to the care of the cooperative banks. The latter, however, have not found it possible to do so to any appreciable extent. In the State of Bombay a scheme was introduced in 1946, under which the State Government stand guarantee for margins in case of industrial cooperative societies that could not afford to raise sufficient funds required for this purpose. A number of societies is able to take advantage of this facility and over a period of about 10 years, loan limits of over Rs. 7 crores have been sanctioned under this scheme. Attention of other State Governments was drawn to this experiment but it was not followed up anywhere else. On the whole, there is a feeling amongst the Directors of Industries that the Central cooperative banks are unable, for various reasons, to meet the requirements of industrial cooperative societies. The SSI Board, therefore, suggested that the State Bank of India should come into the field and finance industrial cooperative societies to start with, of select categories and in select areas. We appreciate the fact that the State Bank of India has agreed to try this out on an experimental basis. The Government of India appointed a Working Group on Industrial Cooperatives in September '57 which submitted its report in July 1958.

Certain valuable recommendations have been made by this group for accelerating their development. We feel, that expeditious action should be taken on these recommendations.

Hire-Purchase of Machinery

244. The National Small Industries Corporation has introduced a scheme of supplying imported and indigenous machines under an easy instalment payment system. The applicants only pay 20 per cent of the value of the machines as earnest money for general purpose machines and $33\frac{1}{3}$ per cent for special purpose machines. Instalments are payable half yearly and are spread over a period not exceeding 8 years. For machines of which value does not exceed Rs. 2,000/- the amount of earnest money is reduced to half of the above limits. The Industrial Cooperatives pay 5 per cent less. Interest at $4\frac{1}{2}$ per cent is calculated on machines valued upto Rs. 15,000/- and 6 per cent on those exceeding that amount from parties other than Industrial Co-operatives. Rates charged from the latter are $3\frac{1}{2}$ per cent and 5 per cent respectively.

Other Schemes

245. The National Small Industries Corporation has entered into an agreement with the State Bank of India under which the latter opens cash credit accounts for small scale units recommended by the former and advances to them loans against security of raw materials without maintaining the usual margin between the value of the security and the amount advanced. The Corporation on its part guarantees in case of default reimbursement to the Bank of the difference between the actual amount advanced and the amount which the Bank would have normally advanced against the security. Such accommodation is needed by parties from the time of purchase of raw materials until bills relating to the supply of goods are paid for by the purchasing authority. Extension of this scheme to loans other than those against the security of raw materials is under consideration of the Corporation.

246. For the benefit of such small scale units which receive stores purchase orders from State Governments, the Small Scale Industries Board has advised State Governments to enter into an agreement with the State Bank of India for providing working capital loans without maintaining the usual margin, against the guarantee of the State Governments. Some States are already in negotiation with the State Bank for introduction of such a scheme.

Re-financing by Reserve Bank

247. The question of placing the leather industry on the approved list of selected industries for financing by Reserve Bank under Section 17 (bb) of the Reserve Bank of India Act is under the latter's consideration. It

is hoped that this will be accepted by the Reserve Bank which it is suggested might examine the question of extending this facility in respect of other industries also.

248. In the present context and circumstances, therefore, departmental loans will continue to be necessary in a larger measure particularly, at the promotional stages of an industry. Machinery for technical assistance which is being streamlined and has got going and the tempo of development which has been set in motion will receive a serious set back if financial assistance by way of loan is not made available to meet the requirements of the industry. Procedural delays in sanction of loans by departments could be considerably curtailed as has been done by certain States like Punjab and Rajasthan. It is further felt that technically qualified persons should be attracted and encouraged to take to small scale industry independently so that industry may develop on scientific and sound lines and quality goods are produced. This will also give a new look and new direction to our socio-economic structure and development. For this purpose special facilities for financial assistance will have to be evolved. An attempt has been made by Orissa in the direction.



INCREASE IN EXPORTS OF PRODUCTS OR DIMINUTION IN IMPORTS OF CORRESPONDING PRODUCTS

249. From the import and export data before the group it is difficult categorically to state the extent to which increase in export of products or diminution in the imports of the corresponding products has been due to the expanding activities in the small scale sector. It is quite possible that the decrease in imports of certain products has resulted from either import restrictions placed for considerations other than the ability of the small or large scale manufacturers to replace such imports, or that exports have expanded relatively more on account of the activities of the large scale sector than that of the small scale.

Expansion of Production and Reduction of Imports

250. An examination of export and import data together with figures of production for certain items like electric fans, sewing machines, paints and varnishes and bicycles, which are quite prominent in the small scale sector, gives the impression that in all these cases, an overall expansion in production has been accompanied by reduction in imports and *vice versa*. For example, production of electric fans in the small scale sector has gone up from Rs. 50 lakhs in value in 1956 to Rs. 94 lakhs in 1958 or by 88 per cent. The total production of fans in the country went up from 3,38,000 to 6,34,000 *i.e.*, by 188 per cent. Imports declined from Rs. 22.14 lakhs in 1955-56 to Rs. 4 lakhs in 1958 or by 82 per cent.

251. Similarly total production of paints and varnishes in the country went up from 42,000 tons (1956) to 48,000 tons (1958) or by 14 per cent. But the percentage increase in the small scale sector was greater, *i.e.* 16 per cent. and the imports declined from Rs. 174 lakhs to Rs. 106 or by about 39 per cent.

252. Total production of soap went up from 1,10,000 tons (1956) to 1,23,000 (1958) or by 12 per cent. The expansion in the small scale sector during these years was also about 12 per cent. but the decline in imports in 1958 over that of 1957 was from 393 tons to 125 tons, *i.e.*, by about 68 per cent.

253. Total production of bicycles in the country went up from over 7,40,000 (1956) to over 10,73,000 (1958) or by 45 per cent. Production in the small scale units went up, as stated in an earlier chapter from 76,481 to 1,67,000 bicycles or by 118 per cent. during the same period. The imports of bicycles declined from 1,47,000 (1956) to 7,457 (1958) to about 1/20th only.

254. Country's production of sewing machines went up from over 1,53,000 (1956) to over 2,32,000 (1958) or by 51 per cent. Production in the small scale sector during the period went up from 22,803 to 30,945 sewing machines or by about 35 per cent. The decline in imports, however, was from Rs. 98,56,000 to Rs. 34,89,000,—of nearly 65 per cent.

Difficulty of Assessing Replacement of Imports

255. The above analysis shows that in the case of several such items production has been expanding both in the large and the small scale sectors of the country which has also been replacing substantially imports of such commodities. It is, however, not possible to ascribe the decline in imports entirely either to the expanding production in the small scale sector or to that in the large scale sector. The deficiency is obviously being met by both.

Analysis of Exports

256. A study of export data, however, shows that with the single exception of shoes, exports of products manufactured by the small scale sector have not made significant advances. The only definite information available to the Group about export is that in connection with the assistance given by the National Small Industries Corporation in export marketing and by advertising products or through participation in Indian and foreign trade fairs and exhibitions or by securing export orders for the small producers in India and abroad.

Export Promotion by the NSIC

257. The field survey of 300 selected units referred to previously revealed that only in the U.P. shoe industry, there has been significant promotion of export sales. 4 out of the 24 firms surveyed in Delhi reported some export sale but that amounted to less than 5 per cent. of the total sale and aggregated to only about Rs. 45,000. In Punjab, 2 units were stated to have exported products worth about Rs. 7,000. One paints and varnishes unit in Bombay reported NSIC's assistance in export marketing under the "Jansevak" trade name to Afghanistan.

Export of Shoes

258. All the shoe units in Agra seem to have benefited from export orders received through the NSIC for the supply of shoes to Russia and Poland. These orders involved a supply of about 4,41,000 pairs of shoes against five orders from Russia and 54,000 pairs to Poland. A sample survey of the effect of the export order on the small scale footwear industry was undertaken by the NSIC which has shown that it led to almost doubling of production of quality shoes in the main producing centres resulting in both expanded employment and enhanced earnings of the

workmen. In Agra alone, it was found that during the 2 months January–February, 1957, 3,000 extra shoe makers had found employment to complete the first Russian order.

259. The Export Promotion activities of the Corporation have been responsible for securing orders for hand-welted shoes produced by the small scale units for the East European countries where shoes worth more than a crore of rupees have been exported during the last 3 years.

Trade Inquiries

260. In October 1958, Rs. 14,000 worth of stockinettes were exported to Newzealand. Samples of footwear were also sent to Leipzig and of brass locks and hinges to Western Australia, of glass beads to Ceylon and the U.S.A. and scissors to Saigon. A few of these, it is learnt, resulted in further inquiries. These illustrations prove that considerable export potential exists not only in the traditional Indian export markets of Far Eastern countries but, also in Europe, Africa, America and Australia.

Exhibitions and Sample Display

261. As a result of NSIC's participation in exhibitions, trade inquiries, etc. for small scale industries products like guava slices, jelly and jams etc. have been received. Samples of sports goods and woollen hosiery products were also shown to the American Trade Mission which visited the country recently.

Quality Control

262. The efforts to expand export trade could only materialise if specifications of foreign buyers could be adhered to, competitive prices offered, control over quality maintained and the production planned with a view to meeting consumer requirements.

263. While efforts in this direction need to be pursued, it is found that a very small amount is spent on samples that are sent out for display to foreign buyers. A great variety of samples for export promotion activities is necessary if significant results are to be achieved. In addition, consistency of quality in products of the small scale industries meant for exports should be ensured. The Director of Export Promotion might also show special consideration to exports of products of small scale industries.

Scope for Expansion

264. In the Appendix XIV are named 29 industries in which, according to the Industry Outlook surveys undertaken by the Small Scale Industries Organisation, a good scope for expansion has been noticed. From table I of the Appendix it is clear that imports of products declined from Rs. 21,87.72 lakhs in 1957 to Rs. 15,77.06 lakhs in 1958 or by 28%. Individual decreases ranged from 7% (Machine Tools) to 97% (Gramo-

phone Needles). Import of one item, *i.e.*, porcelain insulators, increased by 17%. Exports of these items (excepting electric fans and diesel engines and builders' hardware) was generally insignificant.

Contribution of the Small Scale Industries in Exports

265. From the material available, it is therefore, not possible (expecting in a few cases) to state categorically that either the decline in imports of products has been replaced by expanding production of the small scale sector or that the expansion of exports (with the exception of shoes) has to any appreciable extent been from the small scale sector. No idea at this stage can be given regarding the extent to which small scale industries have contributed to the development of export markets. However, there is evidence in the survey reports prepared by the Small Scale Industries Organisation that in cases where indigenous production is inadequate to meet our needs or where rising trends of exports show further possibilities of expansion or where declining imports indicate the possibility of being replaced by indigenous products, the small scale industries can and do play an increasingly important part in producing such products.

Export Possibilities

266. Table 2 of the Appendix XIV shows the rising trend of exports for certain items such as umbrella ribs preserved fruits and vegetables, safety razor blades etc. for which further expansion might be possible provided suitable steps are taken to increase export sales. Import of these products also shows a decline thus pointing towards corresponding opportunities in the domestic market. In so far as small-scale industries are expected to replace foreign products, it is necessary to relax import restrictions, for example, on components which are not at present made in India. In addition, possibilities of allowing a part of the import quota for raw materials being utilised for importing a few samples of finished goods, should be examined as it might encourage deserving small industrialists to either develop similar products or improve upon them on the basis of these samples.

267. The Group however, feels that increasing production in the small scale sector is likely to be primarily reflected in satisfying the home demand and it is only the selected products which might offer export possibilities. These however need be examined carefully.

GENERAL APPRAISAL OF THE EXTENT TO WHICH THE RESULTS ACHIEVED HAVE BEEN COMMENSURATE WITH THE OUTLAY INCLUDING AN EXAMINATION OF THE EXTENT TO WHICH INDUSTRIES HAVE BEEN STABILISED

Impact of the Programme

268. With about 63% of the funds provided for and 30% of the plan allocation spent during the first three years of the Second Five-Year Plan and the establishment of most of the Small Industries Service Institutes only as from 1st December 1958, the programme has made only a limited impact. The assistance rendered by the erstwhile regional Institutes although commendable, has not been commensurate with the country's growing needs. Effectiveness of the programme has also been restricted owing to the difficulties of obtaining raw-materials, buildings, equipment and trained personnel and lack of progressive outlook of some officials. These problems have been more acute in some States than others. Therefore, if the needs of all States and all possible industries in the small-scale sector have to be satisfied, assistance must be organised on a much bigger and wider scale than has been possible so far.

Nature of Assistance and Results Therefrom

269. The Table in Appendix XV gives a rough idea about the nature and extent of assistance rendered by the reporting States to the small-scale units during the preceding three years. From the Appendix it will appear that relatively a large number of small-scale units have been assisted under the State Aid to Industries Act. The performance of Madras in this respect is the best, quantitatively having assisted 6723 units. Madhya Pradesh, Andhra, Assam and Delhi follow closely. Bombay, however, appears to have assisted a very limited number of units during the period. Most of the State Directors of Industries held the view that the units granted loans were able to increase both production and employment, a fact corroborated by the survey of units undertaken in connection with this evaluation.

Progress of the Industrial Estate Programme

270. Regarding Industrial Estates, wherever they have been completed, small units have taken advantage of the facilities available. In most instances units have occupied buildings as soon as, the same have got completed without waiting for the entire estate to put up. But as stated elsewhere, the industrial estates programme generally has not made

very speedy progress because of the difficulties of obtaining suitable land, its valuation or the time taken in completing the legal formalities etc. This Group is however assured that the entire programme of Industrial Estates will be completed before May, 1961.

Progress of State Schemes

271. Similarly in respect of schemes relating to Quality Marking, Training-cum-Production Centres, Common Facility Centres, Industrial Cooperatives, etc. the results achieved are meagre. Only 2 States, viz., U.P. and Punjab, seem to have made some progress in respect of the Quality Marking schemes. Total number of units helped under the scheme in Punjab is 773 and the value of goods quality marked Rs. 76.64 lakhs. Large numbers seem to have gained from the training-cum-production schemes organised by the States of U.P., Andhra Pradesh, M.P., Orissa and Punjab.

Dependence of Industries on Government Assistance

272. As regards the question whether industries have been stabilised and thus enabled to reduce their dependence on Government subsidies and assistance, the replies received from the Directors of Industries are unanimous that the stage has not been reached yet when the schemes and programmes of Government assistance can be withdrawn or reduced. There are a few exceptional cases where small units have been able to expand their scale of operations and thus cross the definition of the small scale industries. Such cases do not reflect the general conditions in the presence of a large majority of genuinely small units.

273. The Director of Industries, Punjab, however, felt that bicycles and parts, sewing machines and parts and foundry industries in his State were now less dependent on Government assistance.

274. The general view, however, is that, by and large small-scale industries have not yet reached a stage when they can do without Government assistance of one form or another. It must be emphasised that as shown by the short-falls in State expenditures under the programme more concerted efforts are needed to activate the programme at the State level in order to bring forth the desired results.

LESSONS OF EXPERIENCE FOR THE THIRD FIVE YEAR PLAN

275. The Small Scale Industries Programme has got over its teething troubles and has gathered considerable momentum. Taking into account the various difficulties that had to be contended with, and most of which if not all, being of a temporary nature it is considered that it should be possible to achieve the objective of creating a far bigger number of new jobs and greater production of consumer goods during the Third Plan period than were envisaged for the Second Plan period. In the previous chapters and the present one various steps have been suggested which, if taken, should make this possible. It should not be difficult to take these steps.

Decentralised Pattern of Economy

276. The other objectives of the Small Scale Industries Programme suggested by Karve Committee are "steadily expanding federalisation of economic life on a decentralised and wherever possible, on a cooperative basis", and developing "a pyramid of industry broadbased on a progressive rural economy", avoiding too much concentration of industry in large towns and cities.

Progress Towards Decentralisation

277. During the three years that the Small Scale Industries Programme has been in operation, some climate for the growth of decentralised industry and regional development has been created. Prospective entrepreneurs and men with necessary business acumen and leadership are coming forward in increasing numbers to establish industries and units on small-scale. But it must be admitted that owing to various limitations analysed in the foregoing Chapters the progress achieved either towards decentralisation or additional employment has been limited.

Industrial Estates Programme

278. The Industrial Estates Programme has been conceived to bring about decentralisation and dispersal of industries both in the urban and rural centres. But owing to constructional difficulties, power supply shortages, transport and communication bottlenecks, progress has been rather slow. The use of machinery for both improving output and quality of products of the small-scale sector, presupposes the use of electric power and other services. Therefore, the extent and degree

of decentralisation that can be fostered has finally to depend on the availability of these. While it is understandable that the earlier estates have been put up on large towns and centres for good reasons which have done well. A time has now come when greater attention should be given to their establishment in smaller towns and rural areas.

Objectives of Employment

279. Similarly the objective of increased employment and production will be accomplished by the degree and extent to which use of machinery is made by small scale industries. The employment limit of 50 persons per unit using power or 100 persons without power has helped to some extent diffused development and expansion of employment opportunities. But such a limit has also obstructed growth of individual units beyond a certain employment limit thereby restricting their employment potential. The recent change made in the employment limit so as to fix the above mentioned figures per shift instead of per day, therefore, is likely to encourage progressive labour intensive units of the small-scale sector to expand both their production and employment by working additional shifts.

Balance Between Capital & Labour Intensive

280. To create larger employment and increased production we feel that a balance between capital-intensive and labour-intensive small scale industries will have to be struck. In this connection, special consideration will need to be given to the engineering industries, which by their very nature are relatively more capital-intensive. It is of the utmost importance that machinery for industries be made in our country and small scale industries should be enabled to make a reasonable contribution to this, by making simple machines, components and spare parts. With the new steel mills going into production and other essential raw material for such industries becoming more readily available, small scale industry should be in a position to play its part in this direction.

Necessity for Electrification

281. We appreciate Governments' attempt towards developing electricity on a wide scale. It is desirable that industry should not only be dispersed but that small units be developed, in the rural areas. Apart from the big schemes, it is recommended that local grids be established on the basis of medium thermal stations for taking electricity to rural areas. Concerted efforts to carry electricity to the rural areas must be backed by a drive to educate the village folk in the use of power operated machines and equipment, supplied possibly on hire-purchase which will enable them to reduce their drudgery and improve their standard of living. We hope that this way impetus will be given to the

Common Production Programme

282. In the First Five Year Plan it was recommended that in order to develop small-scale industries a Common Production Programme might be worked out which would include (a) reservation of the spheres of production (b) non-expansion of the capacity of a large-scale industry (c) imposition of a cess on a large-scale industry (d) arrangement for the supply of raw materials and (e) coordination for research. A reference to these measures was made in the Industrial Policy Resolution of April 30, 1956, wherein it was stated that the State had been following a policy of supporting cottage and small-scale industries by restricting the volume of production in the large-scale sector, by differential taxation or by direct subsidies and further that such measures will have to be taken whenever necessary.

Reservation of Spheres of Production

283. While in a few cases non-expansion of the capacity in the large scale sector, price preference in favour of products of the small-scale sector and arrangements for the supply of raw materials for the small-scale units have been made, no action has so far been taken except in the case of agricultural implements on the first item of the Common Production Programme as envisaged under the First Five Year Plan viz. reservation of the spheres of production, so far as small scale industries are concerned.

Norms of Production

284. For the Second Five Year Plan period no targets of production were fixed for small scale industries except for three items namely cycles, sewing machines and storage batteries. Consideration should be given to the question of fixing fresh targets for these industries as well as certain other scheduled and non-scheduled industries for the small-scale sector. This will enable all those engaged in the promotion and development of these industries to have some definite targets to work to.

Development of Ancillaries

285. During the three years of the Second Five Year Plan development of ancillaries has been negligible. The general complaint against a small-scale producer has been that he does not produce the desired quality of products or according to a given time-schedule and the large-scale unit cannot be made to suffer on account of such uncertain and irregular supplies made by the small-scale ancillary producer. While these complaints may be genuine, in many cases there can be little doubt that several small-scale manufacturers have now acquired modern machinery and techniques of production by which they can make an assured supply of components and parts or other ancillary items in accordance with the

standard specifications prescribed by the large-scale manufacturers. To accelerate the growth of ancillaries for which there is great scope, suitable positive measures will have to be taken.

New Jobs to be Created

286. Our assessment of the progress of the programme of development of small industries and the various steps which have been taken would lead us to feel that all practical steps should be taken to ensure the establishment of adequate number of new small industrial units employing from 1 to 50 persons per shift, capable of producing goods of the approximate value of Rs. 250 to 300 crores per year from the end of the Third Plan period (*vide* Appendix XVI). This figure does not include the production of those many units which are bound to be established as a result of the encouragement and help given to small industries in general, but in respect of which entrepreneurs may not seek financial loans from Government. If the various recommendations we have made previously and in this chapter are implemented and a provision of about Rs. 212 crores is made available for the small-scale industrial programme for the Third Plan period, we believe that it should be possible to achieve the above mentioned production, in which case it is likely that about 3,50,000 new jobs will be created during the plan period.

In the succeeding paragraphs we indicate the allocation of funds for the various parts of the programme such as Industrial Estates, loans for machinery, strengthening of Central and State Organisations etc.

Industrial Estates and their Costs

287. For various considerations including those relating to social objectives, it is proposed that something like half of production and employment suggested in the above para should be planned in small towns and rural areas. This can, probably, best be done by setting up adequate number of industrial estates in suitable localities, which may provide workshop sheds for units with total employment potential of about 175,000 persons. The remaining 175,000 out of the total number of new jobs may be assumed to be in respect of small industries for which entrepreneurs do not need workshop accommodation built by Government. Taking into account the average cost incurred on the Industrial Estates built so far, it would appear that it will be necessary to allocate a sum of Rs. 35 crores for Industrial Estates to provide workshops for 175,000 persons. The experience shows that in order that work may be provided for a number of new persons, certain number of workers in existing industries will also have to be provided for in the new industrial estates. To meet this situation, the provision will have to be increased from Rs. 35 crores to 50 crores.

288. To facilitate the putting up of the proposed large number of Industrial Estates recommendations made in the previous Chapter specially

the one about the work of construction being done by agencies other than the PWD will need to be given effect to.

Machinery

289. One of the causes of delays in the implementation of Small Industries Programme has been lack of suitable machinery because of foreign exchange difficulties and long delivery periods quoted by the foreign makers. We must take steps to arrange for the manufacture of machinery required by the small scale sector in our own country in adequate quantum to meet our estimated requirements. Steps in this regard must be taken during the remaining two years of the Second Plan period so that machinery to the required extent becomes available at least from the commencement of the Third Plan period. Possibilities of starting more proto-type centres be also examined.

Cost of Machinery

290. The estimated value of this machinery for 350,000 new jobs may be put down at Rs. 140 crores at the rate of Rs. 4000 per job, which is the average sum found to be necessary during the Second Plan period. Of this sum, about 20 per cent. or more i.e. about Rs. 28 crores may be found by entrepreneurs and the balance may be borrowed by them from Government or Government assisted agencies. We have dealt with the question of credit and loan facilities at length in Chapter XI to which a reference is invited.

Technical Know-how

291. It is a truism to say that for a successful programme of industrialisation money, machinery and men are necessary. While it may not be unduly difficult to provide money as well as to ensure that the required machines are made in the country or imported, the creation of an army of men with the requisite technical know-how capable of starting and manning industries is a difficult as well as a time consuming process. It is, therefore, essential to implement as quickly as possible the recommendations of the Technical Training and Apprentice Training Committees appointed by the Small Scale Industries Board. Reports of these committees were submitted in 1957 and 1959 and the recommendations made therein were accepted by the Boards. The recommendations which cover the needs of both small and large industries provide for a number of additional seats in technical schools and in-plant training by systematic and well organised apprenticeship in industries of a large number of young men, so that skilled workers and men with technical know-how may become available in the required numbers year by year. We are glad to note that the Labour Ministry has already initiated action in this connection which we hope will be pursued vigorously.

292. A committee appointed by the Commerce and Industry Ministry for the utilisation of technical training facilities available at the Hindustan Machine Tools factory at Bangalore, has made valuable suggestions in its report in regard to providing specialised the right direction for improving the quality of products of small scale industries.

293. Facilities for advanced managerial-cum-organisation training of such technically qualified persons or science graduates as are potential entrepreneurs, need also to be developed in collaboration with State or private undertakings on a large scale.

National Small Industries Corporation

294. National Small Industries Corporation has played an important role in the development of small scale industries specially by providing machinery on hire purchase basis and assisting in marketing in India and abroad etc. This organisation should be developed substantially so that from the commencement of the 3rd Five Year Plan it is ready for much larger scale operations than it has undertaken during the 2nd Five Year Plan.

Industrial Institutes

295. We have already made recommendations in another chapter for the development of and increase in the number of Industrial Service Institutes and extension centres which we trust will be implemented.

Removal of Bottlenecks

296. While the technical and other services provided under the Small Industries Programme are helpful in developing new industries or improving the competence of the old ones, much of the expansion desired or decentralisation sought for will depend upon a regular and continuous supply of raw materials, power, technical know-how and cheap finance. Therefore, the important objectives of the Third Five Year Plan should be to remove those shortages on account of which the growth of small scale industries has suffered.

297. As a means to removing some of these difficulties we suggest that the State Departments of Industries should be considerably strengthened. It is also recommended that to overcome the shortfalls in State schemes and ensure accelerated development, existing administrative machinery be suitably modified which would ensure better results. To achieve more effective utilisation of Central funds it is suggested that a system of regular meetings between the representatives of the Central and State Governments, Import Controller, State Bank etc., at the Headquarters of each State and at lower levels as practicable should be evolved.

298. To break the bottleneck of lack of staff we suggest that the Development Commissioners may examine the possibilities of...

with basic qualifications and sending them for training to factories for one or two years, after binding them to serve his organisation, for at least 2 to 3 years, on return.

Statistics

299. We were handicapped in our work because of lack of statistical data. There should be if possible in future an annual assessment of the progress made. For this purpose necessary steps must be taken and machinery created for systematic collection and analysis of the requisite data.

Development Commissioner's Organisation and State Departments of Industries

300. Reference has been made in the previous paragraphs of the investment which will be necessary on buildings and machines required for the creation of 350,000 new jobs. In addition to the sums mentioned obviously a fairly large sum will be required for strengthening the organisation of the Development Commissioner (Small Scale Industries), including his industrial service institutes and extension centres etc., National Small Industries Corporation and Departments of Industries of States. A rough estimate would put the cost of these services at 40 crores for the 3rd Plan period.

Subsidising Losses

301. We must also, wherever necessary, provide for losses or make up interest in so far as commercial and other financing agencies will be required to route Government loans or grant financial assistance on their own. These financing agencies will be required to carry out transactions of great magnitude. Likewise we must make provision for cost of price preference given for Government purchases, publicity and participation in exhibitions etc. For all these activities we may require about Rs. 10 crores.

Total Financial Provisions

302. The total sum thus envisaged (other than the money to be found by entrepreneurs) will be Rs. 50 crores (Industrial Estates), Rs. 112 crores (for hire-purchase of machinery and Department of Industries loans), Rs. 40 crores (establishment etc.) and Rs. 10 crores (subsidies, publicity etc.) making a total of Rs. 212 crores for about 350,000 new jobs. This also does not include the estimates of working capital. The cost of the training programme recommended by the Technical Training and Apprentice Training Committees is obviously a charge not debitable to the small sector as it covers the entire field of industrial development

SUMMARY AND CONCLUSIONS

Plan Provision

303. The total amount provided in the Second Plan for village and small industries has been revised from Rs. 200 to Rs. 176 crores. The sum earmarked for small industries alone has also been revised from Rs. 61 crores to Rs. 55.57 crores.

(Para 44)

State and General Schemes

304. A provision of Rs. 35 crores was made for State schemes and a provision of Rs. 6 crores for general schemes, now merged with the state schemes. The Planning Commission has now revised the total provision for state and general schemes to Rs. 33.18 crores, but has not revised the five years allocations, the necessary adjustment being made through the annual plans.

(Paras 47-48)

Plan Provision and Expenditure

305. Up to the end of 1958 total expenditure of various states amounted to only 63 per cent. of the amount provided for 3 years and 30.8 per cent. of the total plan provision. The shortfall in the first year of the plan was the heaviest *i.e.* about 48 per cent. of the provision made for that year. Ever since the rate of expenditure has been gradually increasing every year. Cumbersome machinery for sanctioning the scheme, suspension of construction work, states' reorganisation and shortage of technical and administrative staff are the main reasons for the shortfall in expenditure.

(Paras 50-51)

Streamlining of Sanction Procedure

306. The sanction procedures have recently been streamlined. Shortfalls in state expenditure have now been reduced to the minimum. The expenditure for 1958-59 has been as high as 92 per cent. of the sanctioned amount. The highest percentage expenditure upto March was by Madras (84.5 per cent.) and the lowest by Bombay and Madhya Pradesh. Although some States have not been able to gear up their machinery to the full, the performance as a whole has shown appreciable improvement as a result of the streamlining of the procedure.

(Paras 53-56)

Category-wise Analysis of Expenditure

307. Expenditure on schemes of loans under the State Aid to Industries Act and Industrial Cooperatives has been as high as 80 per cent. and 60 per cent. respectively and on other schemes it ranges between 32 per cent. to 47 per cent. The amount provided for strengthening the staff has been fully utilised.

(Paras 59-61)

Capital Assets and Current Outlay

308. The group feels that a breakup of expenditure into capital and current development expenditure is very important for planning purposes and therefore should hence forward be attempted.

(Para 62)

Industrial Estates

309. Not much progress was made as regards the construction of Industrial Estates in the First Plan. During the Second Plan, the Planning Commission has accepted the proposal to put up 97 Estates for which revised plan allocation of Rs. 11.12 crores has been made. The progress of expenditure incurred on the construction of Industrial Estates has been satisfactory. Slow acquisition proceedings and delays caused by PWDs have been the main reasons for some of the States to lag behind in construction of Industrial Estates.

(Paras 63-69)

310. In view of the popularity and importance of the Industrial Estates programme, it is considered necessary not only to restore the original number of 110 Estates, but also, if possible add a few more to the Estates programme during the current plan.

(Para 70)

Central Schemes

311. A sum of Rs. 11.38 crores has been provided for in the plan for programme of development of small scale industries directly by the Centre.

(Para 71)

Industrial Extension Service

312. A net work of Small Industries Service Institutes, Branch Institutes and Extension Centres has been planned all over the country. The percentage of expenditure for the years 1956-57 to 1958-59, over the amount provided is 60.

(Para 72)

313. Year-wise expenditure reveals that only 40 per cent. was spent on land and buildings. The reasons for this shortfall are to be located mainly in procedural delays of an administrative character.

314. It is necessary that so far as the execution of the work is concerned, the C.P.W.D. and W.H.S. Ministry should only be concerned with laying down the broad principles, and the rest of the work should be decentralised and given over to the Ministry

(Para 78)

315. It should also not be necessary to refer cases again and again to a multitude of authorities for getting the sanctions.

(Para 78)

Machinery

316. The expenditure on machinery in the first 3 years works out to only 39 per cent. of the amount provided. The main cause for this short-fall has been want of suitable accommodation for installing the machinery.

(Para 79)

Staff

317. Expenditure on 'Staff' and 'other charges' has amounted to as much as 88 per cent. and 100 per cent. respectively. (A view was taken in the Group that this was rather strange in view of the fact that on buildings only 41.6 per cent. and on machinery only 25.4 per cent. of the budgeted amounts were spent.) This does not give a satisfactory picture of the staff position because provisions for staff are made on a conservative basis. It is necessary to strengthen staff in all Institutes and Extension Centres especially, the newly created ones which are poorly staffed. Technical advice to a substantial extent has been given which would have been more satisfactory if workshops had been in position.

(Para 80)

National Small Industries Corporation

318. NSIC has been undertaking such activities as (a) marketing service (b) supply of machinery on hire-purchase basis (c) construction and maintenance of Industrial Estates at Naini and Okhla and (d) establishment of the Proto-type production-cum-training centres. During the 3 years of its working, i.e. 1956-57 to 1958-59, the Central Government has financed this Corporation to the extent of Rs. 382.75 lakhs.

(Paras 81-83)

Increase in production

319. Industry outlook reports issued by the Small Industries Organisation, NSICs date about factories working in the Okhla Industrial Estate and the impact of Hire-purchase Scheme on production/employment; its Government Purchase Programme, results of loan assistance to small units by the State Directors of Industries under the State Aid to Industries Act and a rapid survey of 300 units conducted by the D.C.'s Organisation—all

show that production in the small-scale sector has generally been on an increase ever since the programme of development of small scale industries was launched by the Government.

(Paras 84-101)

Increase/decrease in Employment

320. Increase in employment has not been recorded to the same extent.
(Para 102)

321. In the case of majority of units that received assistance production increases were more significant than employment increases. It is not possible to precisely determine the gain due to various types of assistance rendered, but it is evident that without such help such gains would be much less.

(Paras 102-108)

Ancillary Production

322. Ancillary development forms an integral part of any small industries programme. Efforts made by the NSIC to promote a few ancillary units around large scale factories as perpetual feeders of components and parts at pre-determined prices have resulted in settling up ancillary units.

(Para 109-112)

Incentive to Promote Ancillaries

323. Despite the steps taken both by the Government and NSIC, the group feels that development of ancillaries has made no satisfactory headway.

(Para 113)

324. New large-scale industries wherever feasible should be licensed and regulated so as to develop a broad base of small-scale units. Factories in the Public sector should give the lead and set this pattern before the country. Some special steps will need to be taken to accelerate the development of ancillary industry.

(Para 114)

Increase in the Earning of Artisans

325. It has been brought out by the rapid survey of 300 units that in most cases the wage-increase have been more than the increase recorded by the Consumer Price Index (working class) during 1954 to 58.

(Para 116-117)

326. Although no conclusive evidence is available regarding the extent of increase in wages for various categories of workers, it is found that in great majority of cases skilled labour benefited more than semi-skilled and semi-skilled more than unskilled from the programme.

(Para 118)

Targets of Production

327. The Planning Commission in consultation with the Ministry of Commerce and Industry, fixed targets of production for 3 small scale industries—bicycles, sewing machines and storage batteries. The SSI Board has recommended in May 1959, that targets for a few selected small scale industries should be fixed.

(Para 121)

Sewing Machines

328. There has been an expansion of production of sewing machines in the small scale sector to the extent of 35 per cent. Contribution of the small-scale sector in 1958, has been 13 per cent. of the total production of sewing machines in the country, or 38 per cent. of its approved capacity target.

(Para 130)

Storage Batteries

329. No production programme for manufacturing storage batteries in the small-scale sector has been formulated.

(Para 131)

Restriction on Large Scale Industries

330. Restrictions have also been placed on the expansion of the capacity in the large-scale sector in industries like furniture making, pencil, small hand tools, sports goods, footwear etc.

331. No further expansion of capacity during the Second Plan was envisaged for the large-scale tanning leather and radio receivers industries.

(Para 132)

332. There has also been a demarcation of the spheres of production in respect of large and small scale producers of agricultural implements and a restrictive policy is being followed in regard to expansion thereof in the large-scale sector.

Shortfalls in Targets of Production

333. The momentum gathered by certain small scale units as a result of various types of assistance—technical, financial, marketing—given by the Small Scale Industries Organisation, should be sustained and increased. Further, the strides already made by the various branches of the Small Scale Industries Organisation may be supplemented by strengthening them through more and better equipment, additional staff, more advanced training etc.

(Para 141)

Institutes' Buildings

334. The need for composite buildings for each Institute and Extension Centre cannot be over-emphasised if technical assistance has to be made effective.

(Para 144)

Staff

335. While staffing the Institutes and Extension Centres, special needs of the under-developed areas should be fully kept in view. In order to ensure maximum utilisation of the available resources, there should be fullest coordination between installation, supply of machines, staff recruitment and posting.

(Para 146)

Supply of Raw Materials

336. To render more effective demonstration/training and other service, Institutes should be assisted with supplies of the required type and variety of raw materials on a continuous basis.

(Para 147)

Workshops and Laboratories

337. To make extension service and technical assistance more efficient, it is necessary for the Institutes to have their own workshops and laboratories. It is understood that remedial measures are being taken to ensure that the machinery and equipment are installed expeditiously in the buildings which are now being constructed.

(Para 148-149)

Quality and Production

338. The quality marking schemes which have been working in the States of U.P. and Punjab should be introduced in other States.

(Para 151)

NSIC & DGS & D Encouragement to Quality Production

339. Small-scale units are now taking increasing interest in producing quality goods as a result of the sales promotion activities of the NSIC and Stores Purchase Programme of DGS & D.

(Para 152)

Type of Assistance Given

340. Small scale units have taken a great interest in improving their production techniques, quality marking services, utilisation of proper raw materials and new and improved type of machines, knowledge of management practices, business management training, library service, help in cost accountancy etc.

(Para 153-154)

Designs and Drawings

341. The Group notes with satisfaction the recent decision to make available the services of Industrial Designers to all the Institutes and Centres.

(Para 156)

Designing Equipment

342. Improved designs cannot be adopted satisfactorily in the small scale units in the absence of suitable machinery.

(Para 157)

Model Schemes and Technical Bulletins

343. So far, 339 model schemes and 198 bulletins have been prepared and arrangements have also been made to translate them into Hindi and other regional languages.

(Para 158)

Mobile Workshop Demonstrations

344. Demonstrations through mobile workshops have aroused interest of the artisans in the use of improved hand tools and hand operated machines. They have also been supplied technical information at the door.

(Para 159-60)

Result of Demonstration

345. In order to assist the artisan towards effecting improvements in the techniques or quality of products a more intensive training for longer duration will have to be undertaken.

(Para 161-162)

Supply of Machinery on Hire Purchase & Quality

346. Some improvement in the quality of the products and production of new items has resulted from the supply of machinery by the NSIC on hire-purchase basis.

(Para 163)

Future Requirements

347. It is necessary not only to extend the existing activities of the Institutes but also to start new branch Institutes and Extension Centres equipped with a large field staff in order to cater to the growing needs.

(Para 164)

Need & Scope for Expanding Technical Services

348. In view of the expanding requirements it would be further

for developmental activities of the Institutes and Extension Centres. The ground is now more than prepared for a more intensive and extensive development of the services rendered by the Technical Institutes and Extension Centres.

(Para 165-167)

Indian & Foreign Technicians

349. In order to utilise the services of foreign consultants more effectively it is recommended that (i) job specifications and descriptions should be worked out in detail in writing for each post before the arrival of each consultant, (ii) the maximum number of Indian counterparts should be attached full-time to each foreign consultant, (iii) the work of the foreign consultants and their Indian counterparts should be carefully followed-up, (iv) the foreign consultants should be given all assistance possible—like modern drafting machines, tools, reference, library, books etc.

(Para 168)

Intensive Training Programme

350. In view of the development under contemplation, a more intensive programme for sending staff of the Small-Scale Industries Organisation abroad as well as for training and refresher courses in suitable Indian concerns and refresher courses must be developed. More of Ford Foundation funds should be used for training our young men abroad from the S.S.I. Organisation of the Centre and States.

(Para 169)

On the Job or In-plant Training

351. A training programme should be developed by the SSI Organisation under which persons with basic qualifications should be recruited for the various posts in the SSI Organisation and given on the job or in-plant training for 1 to 2 years within the country.

(Para 170)

Technical & Apprentice Training

352. Early action should be taken on the recommendations of the Technical Training Committee and Apprentices Training Committee which submitted their reports in 1957 & 1958 respectively.

(Para 171)

Training at the H.M.T. Factory

353. The suggestion made by the committee set up by the Ministry of Commerce & Industry that the Government should assist small scale industries by deputing suitable personnel for specialised training at Hindustan Machine Tools Factory, Bangalore is a step in the right direction and will go a long way in improving the quality of products of small scale industries.

(Para 172)

Training by the State Directors of Industries

354. Most State Governments organise training and training programme.

Employment of Trained Persons

355. In Andhra Pradesh, it is reported that about 100 trainees have been absorbed in industries and 45 per cent in their own industries. In Madras, U.P., and Punjab trainees have either been self-employed or got employment. The progress in other States is slow.

Training Courses and Syllabi

356. There is no uniformity in the duration of courses followed by States. The progress of absorption of trainees followed up properly. Due to unattractive remuneration cum-production centres have not been manned by proper teachers. Inadequate stipends offered by the State deter artisans from joining these centres.

357. It is imperative that there should be uniformity of training in all the States.

358. As far as possible emoluments should be raised for properly qualified teachers.

Utilisation of Existing Facilities

359. For training skilled craftsmen with a view to improving their techniques, existing facilities in the State Organisation should be fully utilised. The value of facilities should be adequately raised in order to attract the real artisan.

360. Steps should be taken to ensure that all the trainees completing their course are gainfully employed either by the State or through employment in factories.

Training of B.L.E. O's.

361. There is considerable under-utilisation of facilities provided by the Central Government for training of level extension officers (Industries) of the State Government.

Business Management Training

362. There is wide interest among the small business men to avail of the business management training. In view of the increasing demand for such courses and the necessity for them, it should be possible to expand these facilities further at other Institutes/Centres also.

(Para 186)

Existing Staff Shortages in DC's Organisation

363. There is acute shortage of technical and other administrative staff, gazetted and non-gazetted, required for working an extensive programme of small scale industries development both at the Centre and the States. The general reasons assigned for this are shortage of technical and qualified administrative personnel, delays in obtaining sanctions and procedural delays in recruitment of staff.

(Paras 188-191)

364. Special efforts should be made to select qualified persons as expeditiously as possible and give them in plant training both in India and abroad.

(Para 192)

365. A Special Officer in the Office of the Development Commissioner should be exclusively occupied with the whole process of recruitment, training and placement.

(Para 193)

Decentralisation of Authority

366. Delegation of authority with a view to expediting the small scale industries programmes is necessary. Some States have already taken suitable steps in this direction. The Group is in favour of the principle of decentralisation of power and authority to the fullest extent consistent with safeguarding the Government's interests and carrying out policies and programmes laid down from time to time.

(Paras 194-196)

Rectifying the Procedure

367. Decentralisation is not an end in itself. It is a question of fixing responsibility upon each level of officer and giving him the right and authority for taking decisions. Officers' efficiency should be judged not by the few mistakes they make but by the nature and quality of decisions they take and the speedy action which follow their decisions.

(Para 197)

Review of Personnel Requirements

368. While assessing the personnel requirements connected with the small industries the amount of work involved and the number of officers

required to execute it must always be borne in mind. Both the number and the quality of personnel and their outlook need to be greatly improved in the Centre as well as the States. There is great need for consolidating activities at different levels. Expansion of activities without consolidation will result in waste which sometimes can lead to demoralisation.

369. The progress recorded by industrial cooperatives with a few exceptions has not been very significant. SISIs are taking greater pains to develop such cooperatives. The financial assistance given by the Directors of Industries to such co-operatives is not very significant which suggests that the whole programme needs to be reviewed for its fuller development.

(Paras 198-200)

Raw Material Shortage

370. The survey reports show that the majority of the units are experiencing raw material shortages, both controlled and imported; the degree of their shortage differs from unit to unit and industry to industry.

(Para 202)

Overall Shortage of Steel

371. Allocation of steel to the small scale units during the past 3 years has been limited. However, with the expected improvement in the supply position during first quarter of 1959-60, allocation has much improved.

(Paras 208-209)

Director of Industries to be Overall In-charge

372. It is recommended that the Director of Industries in the State should be the only officer in charge of small scale industries for the assessment and distribution of controlled raw materials and duplication of these duties by the Iron & Steel Controller in the State, if any, be avoided. In appropriate cases small industrialist should be given import quotas for their requirements of imported iron and steel.

(Para 213)

Role of Association & Raw Materials

373. Excess quantities of controlled materials, for free sale with registered stockists be made available to small units, preferably, through Associations and Corporations of small industrialists.

(Para 214)

SSI Board's Recommendation for Raw Material Depots

374. The Group feels that the recommendation of the SSI Board that each State should set up at least 2 raw material depots before 31st March, 1960, should be implemented.

(Para 215)

NSIC's Efforts to Supply Non-ferrous Metals

375. The supply position of copper, zinc, tin etc. continues to be unsatisfactory. Efforts are being made by the NSIC to obtain brass scrap from Ordnance factories for distribution to small units under a scheme. The Group recommends that the scheme be accepted and pursued vigorously.

(Paras 216–218)

376. When a commodity or component is needed by a small scale industry, it is to be considered on an *ad hoc* basis and import licence issued.

(Para 221)

Sanctioning of Loan Applications

377. The time taken in sanctioning loans under the state Aid to Industries Act to small-scale units varies from state to state. In Orissa and Rajasthan it takes 1 to 3 months while in other states it is between 3 to 12 months depending upon the amount of loan and securities offered.

(Para 223)

Results of Industry Surveys

378. According to the Industry surveys conducted by the small-scale Industries Organisation, loans from private sources are still very common which involves minimum delay and formalities at the hands of the lending agencies as compared with Government agencies.

(Para 224)

Departmental Loans

379. Loans sanctioned through the State Department of Industries to the small scale units amounted to Rs. 520 lakhs or 66 per cent. of the total loans sanctioned by various agencies.

(Para 226)

Security and Disbursement Rules

380. Considerable time is taken by the lending authorities in knowing the credit worthiness of the applicants and evaluating the securities offered, completion of legal formalities etc.

(Para 227)

Working Group on State Aid

381. The working group appointed by the Small Scale Industries Board in January 1958 had recommended certain measures for eliminating differences of procedures and rules at the State levels and for evolving more simplified ways so as to avoid all possible delays in disposing of the loan applications. These recommendations are under consideration of the State Governments.

(Para 228)

Inadequacy of Funds

382. Except in Punjab all other State Governments feel that the funds placed at their disposal under State Aid to Industries Act often fall short of their requirements.

(Para 230)

State Financial Corporations

383. Routing of Government funds through the State Financial Corporation has been possible only in 6 states.

(Para 231)

Limiting Loan Operations to Medium Scale Units

384. State Financial Corporations, in addition to the agency work, also advance loans to small-scale units out of their own funds. But most of these loans so far have been granted to more creditworthy and medium scale units.

(Para 234)

State Bank of India: Loan Facilities

385. The State Bank of India's Pilot Scheme of granting credit to small-scale units has now been extended to all its branches. A test check conducted by the Development Commissioner's Organisation has shown that Bank has been favouring 'Lock and Key' loans instead of 'Clean' or 'factory' type loans. Since the former caused inconvenience to the borrower, the State Bank has further liberalised its terms and conditions and is now prepared to advance the 'factory' type loan.

(Paras 235-236)

Routing of Government Funds

386. State Bank of India and the Government should give serious consideration to the suggestion of the SSI Board that Government funds should also be routed through the State Bank. This would enable larger number of people to avail of the facility. Other banks can also take up this work on behalf of the State Governments.

(Para 237)

Commercial Banks

387. It is to be regretted that, thus far, commercial banks in the country have been rather averse to the idea of financing small-scale industries. Standing committee of the SSI Board is already seized of this matter and it has taken up the issue with some of the commercial banks in the country.

(Paras 239-241)

Urban Co-operative Banks

388. Only Bombay and Mysore States have so far accepted the SSI Board's suggestion of routing at least 10 per cent. of the funds, available

under State Aid to Industries Act, through 6 urban co-operative Banks in each state.

(Para 242)

389. Financing of industrial co-operatives has largely been the function of co-operative Banks. But progress in this field, except in Bombay State, has been very insignificant. State Bank of India was approached by the SSI Board to take up this function also, to which it has agreed. Also, the Working Group on Industrial Cooperatives appointed by the Government of India in 1957 has made certain valuable recommendations for accelerating the development of Industrial Co-operatives.

(Para 243)

Other Schemes

390. The State Bank of India has agreed to open cash credit accounts for small-scale units recommended by the National Small Industries Corporation. The Bank also advances loans to such units against security of raw materials without maintaining the usual margin between the value of the security and the amount advanced.

(Paras 250-254)

391. The State Governments have been advised by the SSI Board to assist the small-scale units participating in the State Governments Purchase Programme by getting them credit from the State Bank of India, as NSIC has done.

(Para 246)

Re-financing by Reserve Bank

392. The Reserve Bank of India is considering to include leather industry under its approved list of selected industries for financing by the Bank.

(Para 247)

Expansion of production & Reduction of Imports

393. An overall expansion in the production of certain items like electric fans, sewing machines, paints and varnishes and bicycles, which are quite prominent in the Small Scale Sector, has been accompanied by reduction in imports from abroad. The percentage fall in imports (during 1955-56 and 1958) of electric fans, soap, bicycles, and sewing machines was 82, 68, 50 and 65 respectively.

(Para 250-254)

Difficulty of Assessing Replacement of Imports

394. There has been, correspondingly, an appreciable increase in the production of Small Scale Sector, though no definite correlation could be worked out to assess the replacement of imports by such increased production.

(Para 255)

Exports

395. Although shoes have been sold to some East European countries, no significant advance has been made by the Small Scale Industry in pushing up its share in country's exports.

(Para 256)

Export Promotion by the NSIC

396. In Punjab, Delhi and U.P., the NSIC has been able to procure orders for export of shoes to Russia and Poland. In Bombay too one unit, with NSIC's assistance, has been exporting paints and varnishes to Afghanistan under 'Jansevak' Brand.

(Para 257)

Export of Shoes

397. According to an *ad hoc* survey by the NSIC, the export order of shoes has resulted in doubling the production of quality shoes in the main producing centres. It has meant increase in aggregate employment and enhanced total wage bill.

(Para 258)

Trade Inquiries

398. The mounting figure of trade enquiries received from Far East, America, Europe, Africa and Australia bears testimony to the export potentialities for Indian Goods which exist there.

(Para 260)

Exhibitions and Sample Display

399. NSIC has been participating in international exhibitions for promoting small scale industries products, specially guava slices, jelly, sports goods and woollen hosiery products.

(Para 261)

Quality Control

400. There is great necessity to adhere to specifications and quality in products required by the foreign buyers. Small scale units would gain more if they kept the quality of their products consistent. Special consideration for small scale products is desirable at the hands of the export promotion directorate.

(Paras 262-263)

Scope of Expansion

401. There are as many as 29 small scale industries for which good scope for expansion of exports is noticed. Wood screws, bolts and nuts, wire netting, panel pins, microphones, electric fans, gramophone needles being some of important ones.

(Para 264)

Contribution of the Small Scale Industries in Exports

402. By and large, Industries where indigenous production is short of domestic requirement or where rising trends of exports promise further expansion or where imports are rapidly decreasing indicate that small scale units can play an increasingly important part in adding to the production of such items.

Export Possibilities

403. In so far as small scale industries are expected to replace foreign products it is necessary to relax import restrictions on some of the finished products used as samples which would enable the small scale producers in improving the quality on their basis.

(Para 266)

Impact of the Programme

404. The assistance rendered by the erstwhile Regional Institute, although commendable, has not been followed by a very appreciable growth of the small-scale industries. The main bottleneck has been, in respect of raw materials, equipment, trained personnel, factory building etc. State Governments need to intensify their efforts, if the small scale sector in their respective economies is to make rapid progress.

(Para 268)

Progress of the Industrial Estate Programme

406. Though the small scale units have taken full advantage of the facilities available in the Industrial Estates, the programme itself has generally been slow, because of the difficulties in obtaining suitable land, long time taken in their construction etc. The revised programme of Industrial Estates is likely to be completed by May 1961.

(Para 270)

Dependence of Industries on Government Assistance

408. The small scale units, with the exception of a few, are still dependent on the State for their development. However, in Punjab, a few industries are reported to be less dependent now on Government assistance. Concerted efforts are needed at the State-level to activate the programme for bringing about the desired development of the small-scale industries.

(Paras 272-274)

Small Industries Programme—Initial Difficulties Tided Over

409. The Small Scale Industries Programme has got over its teething troubles and has gathered considerable momentum. Nevertheless, progress has been slow in various spheres, owing to various limitations mentioned in the previous Chapters.

(Para 275)

Progress Towards Decentralisation

410. Progress has been restricted with regard to Industries Estates programme. The extent and degree of decentralisation that can be fostered has finally to depend on the availability of electric power and other services. A time has now come when greater attention should be given to the establishment of industrial estates in smaller towns and rural areas.

(Paras 277-278)

Objectives of Employment

411. The recent revision of definition of Small Industries in respect of the employment limit is also likely to increase employment by the working of additional shifts.

(Para 279)

Balance between Capital Intensive & Labour Intensive

412. In order to create larger employment and increased production, a balance between capital intensive and labour intensive small scale industries has to be struck.

(Para 280)

Necessity for Electrification

413. Concerted efforts to carry electricity to the rural areas must be backed by a drive to educate the village artisen in the use of power operated machines, and equipment, supplied possibly on hire-purchase. It is recommended that local grids be established on the basis of medium thermal stations for taking electricity to rural areas.

(Para 281)

Reservation of Spheres of Production

414. No action has so far been taken on the first item of the Common Production Programme envisaged under the First Plan *viz.* reservation of the spheres of production.

(Paras 282-283)

Norms of Production.

415. It is of importance to fix fresh production targets for cycles, sewing machines and storage batteries industries as well as certain scheduled and non-scheduled industries for the small scale sector.

(Para 284)

Development of Ancillaries

416. To accelerate the growth of ancillaries for which there is great scope, suitable positive measures will have to be taken.

(Para 285)

Summary

417. Practical steps should be taken to ensure the establishment of adequate number of new small industrial units capable of producing goods of the approximate value of Rs. 250 to Rs. 300 crores per year from the end of the Third Plan period. If a provision of about Rs. 212 crores excluding private investment and working capital is made available for the small Industries Programme during the Third plan and other recommended steps are taken it would be possible to achieve this production and also create about 3,50,000 new jobs.

(Para 286)

New Jobs to be Created

418. It is proposed that something like half of production and employment suggested in para above should be planned in small towns and

number of industrial estates in suitable localities which may provide workshop sheds for units with total employment potential of about 1,75,000 persons. Certain number of workers in existing industries will also have to be provided for in these estates. For this purpose a sum of Rs. 50 crores will be necessary.

(Para 287)

Machinery

419. Steps should be taken to arrange for machinery required by the Small Scale Sector to be made in the country in adequate quantity. These steps should be taken immediately so that machinery starts to be available immediately the 3rd plan period starts. Possibilities of starting more proto-type centres be also examined.

(Para 289)

Cost of Machinery

420. The estimated total cost of machinery required for 350,000 new jobs is 140 crores; 20 per cent. of this sum or 28 crores will be found by entrepreneurs and the balance provided to them as loans.

(Para 290)

Technical Know-how

421. It is essential also to implement expeditiously the recommendations of the Technical Training and Apprentive Training Committee appointed by the SSI Board, with a view to ensuring that sufficient technical know-how for starting and manning industries is available. Facilities for advanced managerial-cum-organisational training of such technically qualified persons or science graduates as are potential entrepreneurs should also be developed in collaboration with State or private undertakings on a large-scale.

(Para 291-293)

National Small Industries Corporation

422. The NSIC should be developed substantially for much large-scale operations than it has undertaken so far.

(Para 294)

Removal of Bottlenecks

423. The important objective of the Third Five Year Plan should be to remove shortages of raw materials, power, technical know-how and cheap finance, on account of which the progress of small scale industries has suffered.

(Para 296)

424. The State Dept. of Industries should be considerably strengthened. The existing State administrative machinery should also be suitably modified to ensure better results.

(Para 297)

425. A system of regular meetings between the representatives of various Central Government and State Government authorities should be evolved with a view to achieving more effective utilisation of Central funds.

(Para 297).

426. Development Commissioner may also examine the possibility of recruiting men with basic qualifications and sending them for training to factories for 1 or 2 years after binding them to serve his Organisation for atleast 2 to 3 years after their return.

(Para 298).

Statistics

427. Necessary steps should also be taken and machinery created for the systematic collection and analysis of the requisite statistical data.

(Para 299).

Development Commissioner's Organisation and State Dept. of Industries and Subsidising Losses

428. A fairly large sum should be necessary (about Rs. 40 crores) in the Third Plan period for strengthening the various branches of the D.C.'s Organisation and State Dept. of Industries.

429. A sum of Rs. 10 crores may be required for making provision for subsidising (a) price preference given for Government purchases publicity and participations in exhibition etc. and (b) losses or covering interest in so far as commercial and other financing agencies will be required to route Government loans or grant financial assistance on their own.

(Paras 300-301).

Total Financial Provision

430. The total sum envisaged for the development of small scale industries (other than the money to be found by entrepreneurs) for the Third Plan period will be Rs. 197 crores, which will create about 3,50,000 new jobs. This does not include the estimates of working capital.

(Para 302).

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14.7.59.

APPENDIX I

*Lists of Industries Selected by States from which 20 Units
were surveyed*

1	Orissa	Mechanical Wood-work- ing)	Leather
2	U. P.	Mechanical (Foundry)	Leather
3	Madras	Mechanical	Metal Working
4	Andhra Pradesh	Mechanical	Metal Working
5	Kerala	Mechanical	Chemical
6	Mysore	Mechanical (Foundry)	Metal Working
7	Bombay	Mechanical	Chemical
8	Madhya Pradesh	Mechanical (Foundry)	Metal Working
9	Bombay (Rajkot)	Mechanical	Ceramics
10	Assam	Mechanical	Metal Working
11	Bihar	Mechanical (Wood-working)	Metal Working
12	Rajasthan	Mechanical	Metal Working
13	Punjab	Mechanical	Metal Working
14	Delhi	Mechanical (Engineering)	Chemical/Cerai
15	West Bengal	Electrical	Ceramics



APPENDIX II

Statewise allocation for State and General Schemes

Serial No.	States Union and Other territories	Amount
1	Andhra Pradesh	240·00 Lakhs
2	Assam	110·00 „
3	Bihar	340·00 „
4	Bombay	350·00 „
5	Kerala	180·00 „
6	Madhya Pradesh	310·00 „
7	Madras	250·00 „
8	Mysore	150·00 „
9	Orissa	160·00 „
10	Punjab	375·00 „
11	Rajasthan	180·00 „
12	Uttar Pradesh	400·00 „
13	West Bengal	285·00 „
14	Jammu & Kashmir	75·00 „
<i>Union Territories</i>		
15	Andaman & Nicobar Islands	5·00 „
16	Delhi	45·00 „
17	Himachal Pradesh	20·00 „
18	Laccadive, Minicoy and Amandivi Islands	—
19	Manipur	7·00 „
20	Tripura	20·00 „
<i>Other Territories</i>		
21	N. E. F. A.	18·00 „
22	Pondicherry	15·00 „
	<i>Reserve</i>	50·00 „
		3585·00 „



APPENDIX III

Pattern of Financial Assistance to State Governments for Schemes for the Development of Small Scale Industries

Category of scheme	Pattern of assistance given by the Centre		Remarks
	Grant (1)	Loan (2)	
1. Establishment of Industrial Estates.	Preliminary cost of preparing blue prints, estimates etc. would be given as a grant.	The entire cost of the Estate given as a long-term loan. The cost of land and buildings given as loan for a period of 20 years and the rest of expenditure i.e. for lay-out, road, power transmission, water-supply given as loan for 30 years. Loans carry an interest of 4½%	This has been dealt with separately under Industrial Estates.
2. Block loans for disbursement under State Aid to Industries Act.	If the loans given to State Governments are canalised through the State Finance Corporations and or District Industrial/Co-operative Banks, these agencies will be re-imbursed administrative charges to the extent of 2% of the total amount disbursed by them. The amounts to be given to these agencies for this purpose would be shared 50:50 by the Government of India upto a maximum of 1% as the Government of India are concerned with the State Government concerned.	Loans sanctioned normally in the ratio of 2:1 of the amounts provided by the State Government from their own resources. Loans repayable in a period of ten years and carry an interest of 4%.	

Category of scheme	Pattern of assistance given by the Centre		Remarks
(1)	Grant (2)	Loan (3)	(4)
3. "Service" Schemes.	<p>(i) 50% of the cost of land and building.</p> <p>(ii) 75% of non-recurring expenditure on machinery and equipment.</p> <p>(iii) 50% of the recurring expenditure for the first year.</p>		
4. Commercial Schemes.	75% of the total expenditure.		
5. Industrial Co-operatives.	<p>50% of recurring expenditure for 3 years on any special supervisory co-operative staff.</p>		<p>The State Governments are required to re-lend the loans to the Industrial Co-operatives at 2½% per annum. The difference between the rate of interest at which the loans are sanctioned to State Governments (4%) and the rate at which they are re-lent to the Societies (2%) will be given to the State Governments as a subsidy.</p>
6. Common Service Facility Schemes.	<p>Training element would be separated and treated as "Service Scheme" as at (3) above.</p>		<p>(i) The assets will be made over at the appropriate time to a private party or a cooperative institution at a value not less than the book value less normal depreciation; and when they are so transferred, an appropriate share will be credited to Central Govern-</p>

ment towards the repayment of the loan;

(ii) Interest or depreciation will not be either fully or wholly included in the charges to be levied for a preliminary period;

【(iii) The element of depreciation and interest thus foregone, for as loan as the institutions are managed by the State Government will be treated as a loss, to be shared by the Central and State Governments in equal proportions, and

(iv) The assets will be normally handed over to a private party or a co-operative institution within a period of not later than five years, and in any case the liability of the Central Government to pay a moiety of depreciation charges and interest should be limited to a period of 5 years.



Service-cum-Commercial schemes. Grant for service part of the scheme in the same way as for schemes of a service nature i.e. grant towards expenditure on training by way of stipends and pay of staff required for training and raw materials.

'Production' portion of the scheme will be treated as 'Commercial' scheme i.e. 75% of expenditure on production portion will be given as a loan.

(50% of the cost of staff directly engaged on training.)

Category of scheme	Pattern of assistance given by the Centre		Remarks
	Grant (1)	Loan (2)	
			(4)
	(50% of the cost of other staff employed in the unit.)		
	(50% of the cost of raw materials which will be wasted during training.)		
8. Subsidy on supply of power.	<p>In cases where power is supplied by private agencies, the State Government should examine whether the tariff cannot be so adjusted as to make supplies to small industries at concessional rates (about 1 anna 6 pies per unit). If, after such examination, it is found that the supply of power at concessional rates would entail a loss to the electricity supply undertakings, such loss would be met by the Government of India and the State Governments in equal proportions.</p>		
9. Strengthening of staff in Industries Departments of State Governments.	<p>50% of the cost of additional staff (including salaries and allowances, but excluding T.A.) would be given as a grant.</p>		

Where power is supplied by the Electricity Department of the State owned organisation, the State Government should examine and so adjust their tariff rates as to make power available at a cheap rate (about 1 anna 6 pies per unit) to small industries.

This would be applicable to staff not only for small-scale industries, but for other categories of industries like Village Industries, Handicrafts, Sericulture, etc. (but excluding Handloom Industry).

10. Training of technicians outside any State. 50% of stipend and cost of books subject to a maximum of Rs. 40/- per mensem per trainee.
- 50% of cost of raw material wasted during training subject to a maximum of Rs. 10/- per month per trainee.
11. Central Social Welfare Board (production centres) and analogous schemes of voluntary organisations. 100% of non-recurring expenditure. 50% of recurring expenditure as a 10 years loan @ 4%.
12. Establishment of Emporia for marketing facilities for products of S.S. Industries. 50% of actual recurring expenditure or a sum of Rs. 5,000 per depot whichever is less. 50% of non-recurring expenditure as a 10 years loan @ 4% per annum.
- 50% of working capital for the first year as a 10 years loan @ 4%.

I	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
12. Bapty Road	10.54	..	..	..	..	..	..	..	..	..	..	Not reported	..	..	..
TOTAL	135.00	12.50	12.99	17.14	25.00	67.63	7.28	9.52	17.77	20.94	55.51	681	123	60	107
<i>Jammu & Kashmir</i>															
1. Jammu	14.50	..	..	2.97	..	..	..	..	2.67	..	..	46	..	..	..
2. Shaleng†	16.00	..	..	..	..	..	..	..	..	..	..	30	..	..	..
3. Anantanag(C)†	3.00	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	33.50	..	..	2.97	5.49	8.46	..	Nil.	2.67	Nil.	2.67	15	..	..	..
(till 31-12-58)															
<i>2. Kerala</i>															
1. Quilon (Qllaka-davu)	19.74	8.10	..	3.58	..	..	..	3.93	6.17	0.08	10.90	60	42	Nil	15
2. Palghat	12.22	0.58	..	4.05	..	..	..	0.71	4.30	1.52	6.53	55	32	Nil	22
3. Irtumanoor	11.64	..	..	5.60	..	..	..	0.01	6.89	3.96	10.86	42	31	Nil	21
4. Qllur	11.64	..	..	2.17	..	..	..	6.02	4.13	0.61	10.76	74	42	Nil	24
5. Trivandrum(P)	11.64	..	..	4.54	..	..	..	2.46	4.57	0.72	7.75	94	32	Nil	24
6. Veli(C)	2.57	..	..	2.60	..	..	..	Not reported	..	..	Not reported	..	..	..	..
TOTAL	69.45	8.68	..	22.45	10.00	41.13	Nil.	13.13	26.06	7.61	46.80	325	179	Nil	106
<i>1. Madhya Pradesh</i>															
1. Indore	20.00	..	5.00	..	..	..	..	..	7.98	8.22	16.20	89	82	7	17
2. Gwalior	12.00	..	5.00	..	..	..	..	..	4.46	3.96	8.42	68	60	8	..

3. Jabalpur	22.00	..	2.00	..	..	..	2.08	2.08	96	..	20	..
4. Raipur	12.00	..	1.00	..	..	..	Nil	..	60	..	..	..
5. Bhopal(P)	3.00	..	1.00	..	..	..	0.44	0.44	12	..	..	..
6. Sama(C)	2.50	..	1.64	..	..	..	Nil	Nil	12	..	..	..
7. Burhanpur	2.50	..	1.00	..	..	..	0.06	0.06	..	..	..	..
TOTAL	74.00	..	10.00	6.64	17.00	33.64	12.44	14.76	27.20	337	142	35 17
<i>2. Madras</i>												
1. Guindy	70.23	10.20	..	16.00	..	..	4.22	6.34	28.31	13.79	52.66	97 78 19 78
2. Virudhunagar	29.09	0.60	..	7.00	..	..	..	7.45	1.02	8.47	15	15 .. 12
3. Brode(P)	9.10	..	0.38	3.00	..	..	..	2.04	1.24	3.28	7	7 .. 7
4. Marthandam(C)	2.92	..	..	0.50	..	..	..	0.31	1.22	1.53	5	5 .. Nil
5. Trichunapally	..	..	..	..	..	..	..	..	4.44	..	14	6 .. Nil
6. Thirnelveli:	..	..	..	..	..	..	..	..	2.74	..	8	8 .. 4
7. Madurai	25.10	..	..	2.87	..	..	..	0.53	4.72	13.33	12	12 .. 12
8. Tanjore	..	..	..	..	..	..	..	..	0.90	..	8	Nil .. Nil
TOTAL	136.44	10.80	0.38	29.37	26.50	67.05	4.22	6.34	38.64	30.07	79.27	166 131 19 113
<i>1. Mysore</i>												
1. Mysore	7.00	7.10	..	..	..	..	..	2.94	0.45	..	18	8 .. 4
2. Bangalore	23.00	..	..	8.50	..	..	..	..	..	..	49	.. 27 ..
3. Belgaum	6.00	..	..	1.30	..	..	..	..	..	Break up not given	14	.. 12 ..
4. Harihar	6.00	..	..	1.35	..	..	..	..	..	Break Not given	18	.. 8

I	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
5. Gulbarga	5.00	..	..	0.90	..	..	..	..	..	Break up not given	Break up not given	16	..	..	..
6. Ramanagaram(C)	3.00	..	..	0.50	..	..	..	..	..	Break up not given	Break up not given	16	..	Nil.	..
7. Hubli	8.00	..	..	1.35	..	..	..	..	..	..	..	22	..	22	..
8. Mangalore	5.00	..	..	1.10	..	..	..	..	..	..	..	12	..	..	..
TOTAL	63.00	7.10	..	15.28 ⁺	8.37	30.75	..	2.94	0.45	13.88	17.27	165	8	69	4
2. Orissa															
1. Cuttack	24.20	..	6.54	4.40	..	..	..	1.99	Break up not given	5.00	Break up not given	60	46	14	46
2. Jharsuguda	12.00	..	..	1.13	..	..	..	..	Break up not given	1.55	Break up not given	16	..	..	..
3. Kendrapara(C)	3.00	..	..	0.10	..	..	..	..	Break up not given	Nil.	Break up not given	15	..	..	..
4. BerhampurF	12.00	..	..	..	..	..	..	..	..	0.01	..	15	..	..	..
5. RourkelaF	14.00	..	..	..	..	..	..	..	..	6.21	..	25	..	..	..
TOTAL	65.20	..	6.54	5.63	14.51	26.68	..	1.99	9.48	12.77	24.24	131	46	14	46
1. Punjab															
1. Ludhiana	25.00	..	5.00	..	..	..	..	4.21	0.98	Break up not given	Break up not given	224	42	160	..
2. Factory Accommodation for Small Scale Industrialists	20.10	..	20.10	..	..	..	..	18.87	Nil.	..	..	..	..	..	..
3. Malerkotla (P)+	8.50	..	..	..	..	..	..	..	..	..	..	50	..	..	..
4. Batala(P)+	12.00	..	..	..	..	..	..	..	..	..	..	50	..	..	..

5. Sonapat(C)†	3.00	..	..	..	..	..	..	..	..	18	..	..	..
6. Nilokheri†	3.00	..	..	..	..	..	..	..	..	18	..	..	..
TOTAL	71.60	..	25.10	..	14.41	39.51	..	23.08	0.98	12.00	36.06	42	160
2. Rajasthan													
1. Jaipur	25.00	..	4.80	..	..	..	..	0.19	Break up not given				
2. Bhilwara	10.00	..	..	0.50	..	..	..	..	Not available				
3. Makhapura(C)	3.00	..	..	1.00	..	..	..	..	..	30	Nil.	15	Nil.
4. Ganganagar†	5.00	..	..	..	..	..	..	..	..	44	..	..	..
5. Jodhpur†	4.00	..	..	..	..	..	..	..	..	44	..	..	..
6. Korah†	5.00	..	..	..	..	..	..	..	..	44	..	..	..
7. Bharatpur†	8.41	..	..	..	..	..	..	..	..	44	..	..	..
TOTAL	60.41	..	4.80	1.50	9.00	15.30	..	0.19	2.09	8.17	10.45	24	27
8. Uttar Pradesh													
1. Kanpur	50.00	6.00	..	12.00	..	..	..	10.16	16.77	13.45	40.38	97	8
2. Agra	50.00	6.00	..	5.00	..	..	..	..	..	..	..	112	Nil.
3. Deoband(P)	10.00	..	..	2.00	..	..	..	..	0.42	0.04	0.46	52	Nil.
4. Varanasi(C)	3.00	..	..	0.59	..	..	..	Nil.	1.08	0.01	1.09	18	Nil.
5. Luni(C)	3.00	..	..	0.59	..	..	..	..	..	..	..	18	Nil.
TOTAL	116.00	12.00	..	20.18	13.50	45.68	..	10.16	18.27	13.50	41.93	297	8
9. West Bengal													
1. Kalyani	64.42	7.40	..	4.37	..	..	..	4.75	8.65	9.93	23.33	50	10
2. Baruipur(P)	5.62	..	..	5.00	..	..	..	..	2.20	2.35	4.55	20	20

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
3. Sakigarth(C)*	4.23	..	..	..	..	..	..	..	..	0.18	0.18	20	Nil.	Nil.	Nil.
TOTAL	74.27	7.40	..	9.37	16.20	32.97.	..	4.75	10.85	12.46	28.06	90	30	Nil.	22
TOTAL	1052.78	58.48	85.22	151.73	198.90	494.33	11.50	77.75	176.03	208.79	474.07	3060	801	427	481
10. Industrial Estates under National Small Industries Corporation:—															
1. Okhla	100.00	..	20.00	25.00	..	45	1.00	13.54	20.40	6.05	40.99	35	35	..	35
2. Naini	26.00	..	6.00	17.00	..	23	..	5.16	14.96	3.56	23.68	34	34	..	13
TOTAL	126.00	..	26.00	42.00	..	68	1.00	18.70	35.36	9.61	64.67	69	69	..	48
11. Industrial Estates in Union Territories															
12. Delhi.															
1. Badli@.	3.00	..	..	..	0.15	0.15	..	..	..	..	..	..	..	..	..
13. Himachal Pradesh															
Solan	3.00	..	..	..	..	..	..	..	..	..	..	..	..	..	..
14 Tripura															
Arundhutinagar	3.00	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	9.00	..	..	..	0.15	0.15	..	..	..	..	..	..	..	..	..
GRAND TOTAL(86)1197.78	58.48	111.22	193.73	199.05	562.48	12.50	96.45	211.39	218.40	538.74	3129	870	427	529	

*The following grants were sanctioned:

	(Rs. in lakhs)
1955-56	0.495
1956-57	0.39
1957-58	0.705
1958-59	Nil.
	<hr/> 1.59

**During 1958-59 in view of the new financial procedure prescribed by the Planning Commission only bulk loans were sanctioned to the State Governments who were at liberty to spend whatever amount they liked on each Estate.

P: Industrial Estates in Pilot Project Areas.

C: Industrial Estates in Community Development Blocks.

@: Industrial Estates for which technical approval was given during 1958-59.

@@: A grant Rs. 28,000 was sanctioned for all the 7 schemes releasing 50%.

.. .
.. .
.. .
.. .

APPENDIX IV

*Statement showing the firms working and labour employed in the Industrial Estates
which have begun to function.*

(Source: Progress Reports of State Governments)

(as on 31-3-1959)

State and Location of Estate		No. of firms	No of persons employed
<i>Andhra Pradesh</i>			
1	Sanatnagar	15	235
<i>Assam</i>			
2	Gauhati	3	49
<i>Bihar</i>			
3	Ranchi	8	N.A.
4	Patna	30	N.A.
5	Biharsharif	4	N.A.
<i>Bombay</i>			
6	Kolhapur	7	46
7	Rajkot	40	360
8	Hadapsar	2	161
<i>Kerala</i>			
9	Pappanamcode	14	202
10	Ettumanoor	8	146
11	Kolakadavu	11	146
12	Ollur	21	225
13	Olavkot	14	174
<i>Madhya Pradesh</i>			
14	Indore	10	51
15	Gwalior	6	98
<i>Madras</i>			
16	Guindy	54	857
<i>Mysore</i>			
17	Mysore	2	Not given
<i>Orissa</i>			
18	Cuttack	24	132
<i>Rajasthan</i>			
19	Jaipur	4	41
<i>Uttar Pradesh</i>			
20	Kanpur	6	50
21	Okhla	35	800
<i>West Bengal</i>			
22	Baruipur	8	40
		326	3813

APPENDIX V

Small Industries, Service Institutes/Branch Institutes

Major Institutes

1. New Delhi
2. Ludhiana
3. Kanpur
4. Jaipur
5. Srinagar
6. Calcutta
7. Patna
8. Gauhati
9. Cuttack
10. Madras
11. Hyderabad
12. Trivandram
13. Bombay
14. Indore
15. Bangalore

Branch Institutes

1. Agra
2. Allahabad
3. Rajkot
4. Hubli



Industrial Extension Centres

1. *Andhra Pradesh*
 - (1) Sanat Naga
 - (2) Vijayawada
 - (3) Papapaidupat
2. *Assam*
 - (4) Tinsukhia
 - (5) Silchar
 - (6) Jorhat
3. *Bihar*
 - (7) Bihar Shariff
 - (8) Dhanbad
 - (9) Muzaffarpur
 - (10) Ranchi
4. *Bombay*
 - (11) Kolhapur
 - (12) Jamnagar
 - (13) Bhavanagar
 - (14) Savarkundla
 - (15) Poona
 - (16) Nadiad
 - (17) Ahmedabad
 - (18) Varud
 - (19) Amraoti
 - (20) Bombay
5. *Delhi*
 - (21) New Delhi (Bal Sahayog)
6. *Kerala*
 - (22) Attingal
 - (23) Alleppey
 - (24) Muvattupuzha
 - (25) Trichur
 - (26) Vaniamkulam
 - (27) Shoranur
 - (28) Kallai
7. *Madhya Pradesh*
 - (29) Indore
 - (30) Ujjain
 - (31) Bhind
 - (32) Jabalpur
- (33) Gwalior
8. *Madras*
 - (34) Madurai
 - (35) Erode
 - (36) Perumduria (Erode)
 - (37) Coimbatore
 - (38) Pondicherry
9. *Mysore*
 - (39) Belgaumi
 - (40) Khanapur
 - (41) Mysore
10. *Orissa*
 - (42) Baragaob
 - (43) Cuttack
 - (44) Bhubneshwar
11. *Punjab*
 - (45) Batala
 - (46) Jullur dur
 - (47) Ambala
 - (48) Kaithal
 - (49) Rewari
 - (50) Jagadhri
 - (51) Faridabad
12. *Uttar Pradesh*
 - (52) Meerut
 - (53) Ferozabad
 - (54) Aligarh
 - (55) Varanasi
13. *West Bengal*
 - (56) Nabadwip
 - (57) Tangra
 - (58) Manicktala
 - (59) Bon-Hooghly
 - (60) Malda
 - (61) Bankura
 - (62) Kalyani
 - (63) Babra
 - (64) Baruipur

APPENDIX VI

Budget Estimates and Actual Expenditure on the Small Industries Organisation (Development Commissioner, Small Scale Industries, Small Industries Service Institutes, Extension Centres and Educated Un-Employed Schemes).

	1956-57		1957-58		1958-59		1959-60		1960-61	
	Budget estimates	Actual expenditure	Budget estimates	Actual expenditure	Budget estimates	Final estimates	Budget estimates	Budget estimates	Budget estimates	Budget estimates
I	2	3	4	5	6	7	8	9	10	11
Buildings	3.70	1.78	5.69	0.38	14.50	7.76	32.68	32.68	32.68	32.68
Machinery										
72-Capital outlay	52.00	3.69	45.00	13.97	9.80	9.45	15.00	15.00	15.00	15.00
Educated unemployed										
Ford Foundation	*22.00	23.38	18.00	20.30	58.00	18.50	28.68	28.68	28.68	28.68
Officers and staff (including allowances & honoraria)	29.48	25.01	44.55	39.95	54.86	49.48	67.18	67.18	67.18	67.18
Other charges (including purchase of vehicles, stationery, raw materials for Ext. Centres, etc.)	4.55	7.55	13.91	12.74	21.06	19.33	26.23	26.23	26.23	26.23
Foreign Consultants	3.00	7.87	16.72	12.39	21.00	17.97	25.31	25.31	25.31	25.31
Training of Indian Technicians abroad	1.50		2.00	0.34	1.28	0.90	1.50	1.50	1.50	1.50
TOTAL:	119.45	69.28	185.87	102.35	184.09	126.98	200.58	200.58	200.58	200.58

Note:

- The provision marked with an asterisk were made by reappropriation at the time of fixing final grants.
- The actual expenditure for 1958-59 has not yet been finalised by the Audit authorities. We have, therefore, taken the final estimates for that year as equivalent to actual expenditure.
- The Budget provision for 1960-61 has been assumed on the same basis as the budget provision in the current financial year i.e., 1959-60.
- Subject to the above observations the total expenditure on the S.S.I. Organisation [DC(SSD), SISIS, and Extension Centres] is estimated to be Rs. 699.77 lakhs or roughly Rs. 7 crores during the Second Plan Period.

APPENDIX VII

TABLE I

Number of Units surveyed by Type of Organisations

Type of Organisation	Mechanical	Metal working	Electrical	Chemical	Ceramic	Leather	Total No. of units
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Partnership . . .	75 (45.5)	19 (30.2)	4 (26.7)	4 (25.0)	16 (70.0)	6 (33.3)	124 (41.3)
Proprietary . . .	69 (41.8)	36 (57.1)	4 (26.7)	8 (50.0)	4 (17.0)	9 (50.0)	130 (43.3)
Private Ltd. . . .	17 (10.3)	4 (6.3)	6 (40.0)	2 (12.5)	3 (13.0)	—	32 (10.7)
Public Ltd. . . .	1 (0.6)	2 (3.2)	1 (6.6)	2 (12.5)	—	—	6 (2.0)
Cooperative . . .	2 (1.2)	2 (3.2)	—	—	—	3 (16.7)	7 (2.3)
Non-reporting units .	1 (0.6)	—	—	—	—	—	1 (.4)
TOTAL	165 (100.0)	63 (100.0)	15 (100.0)	16 (100.0)	23 (100.0)	18 (100.0)	300 (100.0)

NOTE :— Figures within brackets denote percentages.

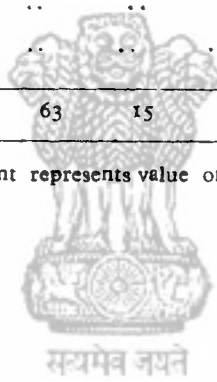
APPENDIX VII

TABLE 2

Number of Units by Different Investment Groups (Fixed Assets)

Investment Groups	Mechanical	Metal working	Electrical	Chemical	Ceramics	Leather	Total No. of units.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
0-10,000	15	6	2	3	2	8	36
10,000-25,000	25	13	1	3	8	7	57
25,000-1,00,000	69	30	8	4	7	2	120
1,00,000-3,00,000	43	14	3	5	5	..	70
3,00,000-5,00,000	11	..	1	..	1	1	14
Over 5,00,000	1	..	..	1	..	..	2
Non-reporting units	1	..	..	..	..	..	1
TOTAL	165	63	15	16	23	18	300

NOTE : -Investment represents value of fixed assets.



APPENDIX VIII

TABLE I

Surveyed Units by Benefits Derived from Government Assistance

(METAL WORKING)

Particulars	Units not reporting	Units reporting no change	No. of units having indicated percentage change of					Total no. of units surveyed.	Percentage of units which reported improvement to the total units surveyed.
			0-10	10-25	25-50	50-100	Above 100		
1. Production increase	.	20	6	3	6	7	6	63	44.4
2. Employment increase	.	34*	2	2	12	4	2	63	35.5
3. Wage rate increase	.	45	3	5	4	2	..	63	22.2
4. Mfg. cost reduction	.	50	5	2	1	..	..	63	12.7
5. Material wastage reduction	.	54	2	..	2	..	..	63	6.4
6. Quality improvement	.	54	2	1	1	..	..	63	6.4
7. Export sales	.	59	..	..	..	..	..	63	Nil.

*One unit reported decline in employment.

APPENDIX VIII

TABLE 2

Surveyed Units by Benefits Derived from Government Assistance
(CERAMICS)

Particulars	Units not reporting.	Units reporting no change.	No. of units having indicated percentage change of					Total No. of units surveyed.	Percentage of units which reported improvement to the total no. of units surveyed.
			0-10	10-25	25-50	50-100	Above 100		
1. Production increase	.	11	3	..	4	3	2	23	39.1
2. Employment increase	.	11	5	3	1	..	2	23	40.4
3. Wage Rate increase	.	18	3	..	1	..	..	23	8.7
4. Mfg. cost reduction.	.	18	4	..	1	..	..	23	4.3
5. Material wastage reduction	.	17	4	..	2	..	..	23	8.7
6. Quality improvement	.	14	4	3	1	..	..	23	21.7
7. Export sales	.	19	3	..	1	..	..	23	4.3

APPENDIX VIII

TABLE 3

Surveyed Units by Benefits Derived from Government Assistance
(CHEMICAL)

Particulars	Units not reporting	Units reporting no change	No. of units having indicated percentage change of					Total No. of units surveyed.	Percentage of units which reported improvement to the total No. of units surveyed.
			0-10	10-25	25-50	50-100	Above 100		
1. Production increase	.	8	3	..	1	2	2	16	31.2
2. Employment increase	.	8	1	..	1	3	3	16	43.7
3. Wage rate increase	.	10	2	3	..	1	..	16	25
4. Mfg. cost reduction	.	12	1	2	..	..	..	16	18.7
5. Material wastage reduction	.	11	1	2	..	..	..	16	25
6. Quality improvement	.	12	1	1	1	..	..	16	18.7
7. Export sales	.	13	1	1	..	..	..	16	12.5

APPENDIX VIII

TABLE 4

Surveyed Units by Benefits Derived from Government Assistance
(MECHANICAL)

Particulars	Unit not reporting	Unit reporting no change	No. of units having indicated percentage change of.					Total No. of units surveyed.	Percentage of units which reported increase	
			0--10	10--25	25--50	50--100	Above 100			
1. Production increase	.	74	13	10	17	16	14	21	165	47.2
2. Employment increase	.	81*	22	13	10	15	15	9	165	35.1
3. Wage rates increase	.	7	18	13	27	16	2	2	165	36.4
4. Mfg. cost reduction	.	102	30	20	12	1	..	..	165	20.0
5. Material wastage reduction	.	111	24	17	11	2	..	..	165	18.2
6. Quality improvement	.	116	16	11	8	6	6	2	165	20.0
7. Export sales	.	91	69	1	1	3	..	..	165	3.0

*4 units reported decline in employment.

APPENDIX VIII

TABLE 5

Surveyed Units by Benefits Derived from Government Assistance

(ELECTRICAL)

Particulars	Units not reporting	Units reporting no change	No. of units having indicated percentage change of							Total no. of units surveyed	Percentage of units of which reported improvement to the total no. of units surveyed
			0—10	10—25	25—50	50—100	above 100				
I	2	3	4	5	6	7	8	9	10		
1. Production increase	.	3	1	4	1	1	2	15	60.0		
2. Employment increase	.	4	..	3	2	..	1	15	40.0		
3. Wage rates in crease	.	7	2	..	..	..	..	15	13.3
4. Mfg. cost reduction	.	7	2	1	..	..	..	15	20.0
5. Material wastage reduction	.	5	3	..	..	..	..	15	20.0
6. Quality improvement	.	12	3	..	..	..	..	15	20.0
7. Exports sales	.	11	4	..	..	..	..	15	0.0

APPENDIX VIII

TABLE 6

Surveyed Units by Benefits Derived from Government Assistance
(LEATHER)

Particulars	Units not reporting	Units reporting change	No. of units having indicated percentage change of						Total no. of units surveyed	Percentage of units which reported improvement to the total no. of units surveyed
			0-10	10-25	25-50	50-100	Above 100			
1	2	3	4	5	6	7	8	9	10	
Production increase	8	5	1	3	..	1	..	18	27.8	
Employment increase	8	4	..	4	1	..	1	18	33.3	
Wage Rate increase	8	1	..	..	8	1	..	18	50.0	
Manufacturing cost reduction	13	4	..	..	..	..	..	18	5.6	
Material wastage reduction	14	3	1	..	..	..	..	18	5.6	
Quality improvement	9	..	2	1	4	2	..	18	50.0	
Export sales	10	..	1	2	2	3	..	18	44.4	

APPENDIX IX

TABLE

Increase/Decrease in Capital, output and wages by Industries

Industries	No. of units	Fixed capital		Working capital		Total capital		% increase or decrease
		1st round Rs. 000	2nd round Rs. 000	% increase or decrease	1st round Rs. 000	2nd round Rs. 000	% increase or decrease	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Bicycles and parts	12	488	695	+42%	624	565	-9%	1092
2. Sewing machine and parts	1	10	10	..	75	32	-57%	85
3. Diesel engines and parts	3	91	95	+4%	70	79	+13%	161
4. Agricultural implements	8	449	489	+9%	402	461	+15%	851
5. Hand tools	2	526	628	+19%	44	42	-5%	570
6. Builders' hardware	14	418	314	-25%	269	358	+33%	687
7. Domestic utensils	4	434	370	-15%	429	418	-3%	863
8. Locks	3	38	90	+137%	71	38	-46%	109
9. Footwear and other leather products	1	262	262	..	90	73	-18%	352
10. Sports goods	3	36	81	+125%	37	44	+19%	73
Total	51	2752	3034	+10%	2111	2110	..	4843
								5144
								+6%

Industries	Employment			Wages and salaries				Value of output			Profit	
	1st round Nos.	2nd round Nos.	%	1st round Rs. 000	2nd round Rs. 000	% increase/decrease	1st round Rs. 000	2nd round Rs. 000	%	1st round Rs. 000	2nd round Rs. 000	
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	
Bicycles and parts . .	280	287	+2%	129	142	+10%	1110	1609	+45%	58	12	
Sewing machine and parts . .	24	36	+25%	14	18	+28%	79	79	..	..	..
Diesel engines and parts . .	62	69	+11%	23	20	-13%	98	140	+43%	19	10	
Agricultural implements . .	272	235	-14%	205	177	-14%	402	473	+18%	33	21	
Hand tools . .	34	59	+74%	10	22	+120%	24	26	+8%	5	2	
Builders' hardware . .	263	265	+1%	73	76	+4%	511	517	+1%	58	49	
Domestic utensils . .	194	161	-17%	84	84	..	625	707	+13%	65	57	
Locks . .	88	93	+6%	33	24	-27%	148	157	+6%	6	5	
Footwear and other leather products . .	28	49	+75%	16	17	+6%	66	81	+23%	..	..
Sports goods . .	82	53	-35%	27	20	-26%	144	259	+80%	11	N.A.	
TOTAL . .	1327	1501	-2%	614	600	-2%	3207	4048	+26%	..	..

APPENDIX X

Targets of production for the Small Scale Industries

Manufacturing Industries

1. Hand Tools and Small Tools:

- | | |
|--|--|
| (a) Hand Tools | Screw drivers, hand hammers, pliers, hack-saw frames, pipe cutters, ratchet brace. |
| (b) Carpenters' Tools | Planes, saws, augers, carpenters' bits, wood chisels, carpenter's hand drill. |
| (c) Masons Tools | Trowels, plumb line and Bob, L-Square. |
| (d) Moulding tools for foundry such as trowels, ramming tools, spirit level. | 200.00 lakhs. |

2. Sports Goods:

Rs. in
lakhs

Covers and bladders for foot-balls, volley balls and basket balls, Base-ball complete, Cricket bats and accessories, Hockey sticks and balls etc., Tennis rackets, Badminton rackets, Table tennis set, Billiard table, carrom boards, Dart Boards, Chess boards **250.00**

3. Furniture:

Wooden: Chairs, Tables, almirah, racks, cots, sofa sets, etc.
Steel: Chairs, tables, almirah sofas etc. **800.00**

4. Building Hardware:

Hinges, tower bolts, door handles, wood screws, door locks, hasps and staples, hooks, sanitary fittings, **200.00**

5. Domestic Hardware:

Cork screws, tin cutters, tongs, buckets, frying pans, vegetable scrapers, graters, bottle openers, household utensils made of brass, aluminium and stainless steel, Ice cream makers, Juice extractor, Coffee grinder, Coffee filters and percolators. **100.00**

6. Cutlery:

Butter spreads, knives, forks meat chopper, marrow scop, nut cracker, sauce ladles, scissors, spoons, cut-throat razors **150.00**

7. Agriculture Implements :

Sugar cane crusher, chaff cutter knives, axes, Hoes, Harrows and parts
hedge: shears, kodalis, persian wheels, turning knives, pans, ploughs
raes, spades, seed drills, shovels, seythes, sickles, winnowers,
weeders water lifting equipment, wheels barrow, all-edged hand
tools used in agriculture **330.00**

8. Scientific Glassware and Instruments :

Compasses, levels, pantographs, planimeters, cross staffs, drawing
boards, geometrical boxes, French curves, plotting scales, measuring
chains, plane tables, parallel rules, scales, ranging rods, slide rules,
sextants, T-squares, clinical thermometers, Telescopes, Binoculars,
Boiling pans, bottles, beakers, Dessiccators, lenses etc. **100.00**

9. Table Glassware:	Rs. in lakhs.
Glasses and jugs, dishes, salt and pepper containers, jars serving dishes, vases, etc.	100.00
10. Bicycle Parts and Bicycles:	
Hubs, B.B. Fittings, B.B. Shells, Forkhead, fittings, frame, front fork, chain stay, seat-stay, chain-wheel and cranks, brake sets, handles, paddle axels, carriers, stands, bells, chain covers, air pumps, spokes, nipples and washers, mudguards, saddles etc.	100.00
11. Sewing Machine Parts and Sewing Machines:	
Domestic type machines.	
Parts: Carrier shaft, spool pins, needle bar pipe, balancewheel bushing, inner bushing, sham, arm and bed plate, connecting rods, balance wheels, lifter pins, pressure bar, needle plates, slide plates	100.00
12. Toys:	
"Macano" sets, trams, bogies, lock engine, automobiles, aeroplanes, tractors, animals etc.	50.00
13. Electric Fans:	
Guards, blades, regulators, Table AC/DC with oscillating arrangements, pedestal AC/DC, ceiling fans AC/DC	100.00
14. Other Electrical Goods:	
Heaters, cooking ranges, desert coolers, toasters, table lamps, immersion heaters, electric boilers, radio receivers, battery separators, pedestal lamps, call bells, electric brass lamp holder and accessories	300.00
15. Surgical Instruments:	
Scissors, forceps, needle holders, needles, bone instruments, scalp retractors, curettes, chisels, plaster shears, artery clamps, towel clamps, syringes, stethoscopes and blood pressure recorders	150.00
16. Manufacture of Rubber Parts:	
Tonga tyres, fan belts, sponge rubber articles, valves (cycles), rubbers tubings, water hoses, automobile rubber paddings, radiator hoses, rubber corks, hot water bottles, rubber balls and toys, re-treading or tyres and vulcanising	50.00
17. Pipe Fittings and Valves:	
Elbows, tees, sockets, taps (water) plugs, pipe fittings for water supply and sanitary fittings etc.	200.00
18. Metal Fittings for Shoes and Leather Articles and Wearing Apparel:	
Blue talks, hole nails, wire nails, buckles, eyelets, metal toe and heel tips, spike nails, hinges and hasps, Bifurcated rivets, small bolts and nuts	50.00
19. Stationery Articles and Fountain Pens:	
Stapling machines, punching machines, paper pins and gem clips, nibs, pen holders, pencils, erasers, ink pencils, ink pots, pen stands, tray files, table glass, envelopes and cards, stitching machine, rulers, etc.	250.00
20. Small Machines	
Pumps, drills, Shaping machines, presses (hand operated) hacksaw, grinders, double ended buffing machines, wood turning machine, sheering machine, and industrial machines for various industries	130.00
21. Miscellaneous Chemical Industries:	
Soap making inks, cleansing powders, glues, hair oils, antiseptics, plastic toys (moulding), paints, confectionery, cosmetic	300.00

22. Other Industries not Mentioned Above:

Automobile accessories and parts, Bolts and nuts, machine screws, wire nails, wire drawings, wire mesh, rivets, wire ropes, chains, springs, zip fasteners, umbrella ribs, hospitals steel equipment, flexible tubes, conduit pipes.

350.00 lakhs:—Broken up as follows:

	Rs. in lakhs
(a) Automobile accessories and parts	200
(b) Bolts and Nuts, rivets including bifurcated rivets	50
(c) Machine screws and machine bolts	10
(d) Wire nails, wire mesh, wire rope, wire chains springs	50
(e) Specialised Hospital steel equipment	5
(f) Zip fasteners	5
(g) Umbrella Ribs	5
(h) Flexible tubes	5
(i) Conduit pipes	20
TOTAL	350

23. Hosiery and Knitted Ware: 1600.000



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APPENDIX XI

Production of Small-Scale Units with Approved Production Programmes

(As compared with the Large-Scale Sector)

TABLE I

(Sewing Machines)

(In numbers)

	Production			percentage increase in 1958 over 1956
	1956	1957	1958	
Small-Scale units	22,803	24,808	30,945	35
Large-scale units	1,30,392	1,67,484	2,01,569	54
TOTAL	1,53,195	1,92,292	2,32,514	51

TABLE II
(Bicycles)

(In numbers)

Small-scale units	76,481	1,08,170	1,67,000	118
Large-scale units	6,63,972	7,90,524	9,06,782	36
TOTAL	7,40,453	8,98,694	10,73,782	45

TABLE III

(Spare Parts and Accessories)

Bicycles

(In Rs. Lakhs)

Small-scale units	181.88	210.45	300.00	64
Large-scale units	232.25	279.44	317.54	45
TOTAL	414.13	489.89	617.54	49

SOURCES:

- (i) Data for large-scale units were obtained from the Development Wing.
- (ii) Figures for complete bicycles and sewing machines were obtained from D.C.'s Office on the basis of returns submitted by the units.
- (iii) Figures regarding production of bicycle spare parts and accessories were based on *Bombay Cycle Market Report*, Annual Number, 1958, and an Article by the Chairman, Messrs Sen-Raleigh Industries (India) Ltd. in "Transport."

APPENDIX XII

TABLE I

Raw Materials Availability

(Metal Working)

Name of Raw materials	Number of Units		Units from Col. 3 indicating Annual shortages in quantitative terms.			
	Using such Raw material	Ex-per-iencing short-age of such Raw ma-te-rials	No. of Units	Quantity required	Quantity available at fair price	Quantitative shortages
I	2	3	4	5	6	7
				tons	tons	tons
1. Silco-magnet and spring steel	5	5	5	1,122	302	820
2. Brass Rods	2	1	1	12	..	12
3. Stainless steel sheets	2	2	2	6	0.5	5.5
4. Stainless steel wire	2	1	1	0.5	..	0.5
5. Brass sheets	7	7	7	1,254	60	1,194
6. Brass wires	1	1	1	8	..	8
7. Coke	6	4	4	471	204	267
8. Copper	12	9	9	1,787	79	1,708
9. Zinc	9	8	8	1,255	8	1,247
10. Tin	7	6	4	31	..	31
11. Lead	3	1	1	605	..	605
12. Pig Iron	11	5	5	5,585	573	5,012
13. Iron and Steel	24	24	24	4,067	1,797	2,270
14. Borax	1	1	1	100	..	100
15. Carbon strips	1	1	1	450	50	400
16. Radio parts	2	2	2	2200 pieces	..	2,200 pieces
				Rs.	Rs.	Rs.
17. B. P. and G.P. Sheets	13	5	5	3,07,400	42,000	2,65,400
18. H.B. Wires	1	1	1	6,31,680	50,400	5,81,280
19. Rods, strips and sheets	12	6	6	4,64,200	60,000	4,04,200
20. Silver metal	1	1	1	48,000	24,000	24,000
21. Celloloid sheet	1	1	1	16,000	..	16,000
22. Volume control materials	1	1	1	5,00,000	..	5,00,000

APPENDIX XII

TABLE 2

Raw Materials Availability
(Electrical)

Name of Raw materials	Number of Units		Units from Col. 3 indicating Annual shortages in quantitative terms.			
	Using such Raw material	Ex-periencing shortage of such Raw materials	No. of Units	Quantity required	Quantity available at fair price	Quantitative shortages.
I	2	3	4	5	6	7
				tons	tons	tons
1. Rubber	I	I	I	36	32	4
2. Litharge	I	I	I	6	..	6
3. Red Oxide	I	I	I	1	..	1
4. Copper Wire ?	I	I	I	24	15	9
5. Titanium dioxide	I	I	I	6	..	6
6. Sulphur	I	I	I	3	..	3
7. Carbon black	I	I	I	6	..	6
8. Rubber colouring	I	I	I	6	..	6
9. Stainless steel sheets	I	I	I	10	..	10
10. Brass pipe and tubes	I	I	I	12	9	3
11. Copper	I	I	I	25	17.5	7.5
12. MS black sheets	I	I	I	80	37	43
13. Steel wires	I	I	I	300	75	225
14. Aluminium rods	I	I	I	300	75	225
15. Thormastats	I	I	I	3,600	815	2,785
				pieces	pieces	pieces
16. Metal clad Switch	I	I	I	3,600	346	325
				pieces	pieces	pieces
17. Iron and Steel	5	4	..	..	..	..
18. Non-ferrous alloys	8	4	..	..	..	..
19. Insulating material	2	2	..	..	..	..
20. Chemicals	8	6	..	..	..	..
21. Battery container	I	I	..	..	..	..

APPENDIX XII

TABLE 3

Number of Sample Units Reporting Raw Material Shortages

(Chemicals)

Name of material	Number of units		Units from Col. 3 indicating Shortages in quantitative terms			
	Using Raw material	Experiencing shortage of such Raw materials	Number of units	Quantity required	Quantity available at fair price	Quantitative shortages
I	2	3	4	5	6	7
1. P.G. Red Oxide	I	I	I	tons 80	tons 30	tons 50
2. Sodium Nitrate	I	I	I	80	..	80
3. P.F. Rasin	2	2	2	21.5	10.25	11.25
4. Naphthylene-acid	I	I	I	130	100	30
5. Cobalt sulphate	I	I	I	12	4	8
6. Thinners	I	I	I	2	I	I
7. P. Anhydride	I	I	I	10	4	6
8. Manganese dioxide	I	I	I	40	20	20
9. Zinc lead and copper metal	I	I	I	15	2	13
10. Pigments and dyes	4	4	2	cwt. 24.6	cwt. 1.8	cwt. 22.8
11. Sodium }	I	I	I	I	0.25	0.75
12. Accelerators	I	I	I	cwt. 2	cwt. ..	cwt. 2
13. Silicon Rasin	I	I	I	I	0.25	0.75
14. Zinc oxide	I	I	I	3,000	1,500	1,500
15. White lead	I	I	I	1,500	600	900
16. Titanium dioxide	I	I	I	1,080	48	1,032
17. China wood oil	I	I	I	420	12	408
18. Rasin material and synthetic	I	I	I	1,500	200	600
19. Copper	I	I	I	1,000 mds.	..	1,000 mds.
20. Solvent	I	I	I	gallons 30,000	gallons 15,000	gallons 15,000
21. Linseed Oil	I	I	I	30,000	22,500	7,500
22. Rectified	I	I	I	30	..	30
23. Hardwood and Rasonite boards	I	I	I	350	254	96
24. Other boards	I	I	I	sheets 1,25,000	sheets 185,000	sheets 40,000
25. Drugs	I	I	I	sq. feet 75,000	sq. ft. N.A.	sq. ft. 75,000
26. Carbon black	2	2	2	N.A.	N.A.	N.A.

APPENDIX XII

TABLE 4

Raw Material Availability

(Ceramics)

Name of Raw Material	Number of Units		Units from Col. 3 indicating Annual Short-ages in quantitative terms				Quantitative shortage
	Using such Raw Material	Experiencing shortage of such Raw material	Number of units	Quantity required	Quantity available at fair price		
1	2	3	4	5	6	7	
1. Hard glass tubes	1	1	1	Rs. 50,000	Rs. 25,000	Rs. 25,000	
2. Lense	1	1	1	20,000	5,000	Rs. 15,000	
3. Clay	10	}	..	..	..	}	Freely available
4. Coal	6						
5. Felspar	2						
6. Quartz	2						
7. Glazing material	1	}	4	N.A.	N.A.	}	Not given
8. Glass tubes	7						
9. Colouring Oxide	2	1	1	N.A.	N.A.		Unit wants import licence
10. Gold and Platinum pins	1	1	1	N.A.	N.A.		Import not allowed quantity not stated
11. Rough blank abrasives.	1	1	1	N.A.	N.A.		N.A.
12. Caustic Soda and soda ash	1	1	1	N.A.	N.A.		N.A.
13. Potassium Carbonate	1	1	1	N.A.	N.A.		Not given
14. Carborandum Powder	1	1	1	N.A.	N.A.		Not given

APPENDIX XII

TABLE 5

Raw Material Availabili

(Leather)

Name of raw material	Number of Units		Units from Col. 3 indicating Annual shortages in quantitative terms.			
	Using such raw material	Experiencing shortage of such Raw Material	Number of Units	Quantity required	Quantity available at fair price	Quantitative Shortages.
I	2	3	4	5	6	7
1. Leather	18	4	4	10,90,000	..	10,90,000
2. Grindry	8	5	4	48,000	2,400	145,600
3. Bark	2	..	..	..	..	..
4. Harida	1	..	..	..	..	..
5. Kakranja Oil	1	..	..	..	..	..
6. Wattle extract	1	..	..	..	..	..

APPENDIX XIII

TABLE I

Loans to Small Scale Units granted under State Aid to Industries Act Rules

(Rs. in lakhs)

State/Territory	1956-57	1957-58	Apr.—Dec. '58	Total
1. Andhra Pradesh	6.56	11.27	5.26	23.09
2. Assam	9.03	4.73	1.02	14.78
3. Bihar	Nil	29.35	3.15	32.50
4. Bombay	8.10	20.51	11.74	40.35
5. Jammu & Kashmir . . .	4.25	8.50	3.6	16.35
6. Kerala	Nil	9.38	5.7	15.08
7. Madhya Pradesh . . .	Nil	17.56	3.6	21.16
8. Madras	11.54	24.89	10.7	47.13
9. Mysore	13.37	25.00	9.4	47.77
10. Orissa	4.20	9.60	Nil	13.80
11. Punjab	43.05	35.97	0.3	79.32
12. Rajasthan	9.22	16.55	10.9	36.67
13. Uttar Pradesh	47.50	28.74	7.4	83.64
14. West Bengal	8.87	7.39	5.2	21.46
15. Delhi	9.85	14.71	..	24.56
16. Himachal Pradesh . . .	0.12	0.57	.	0.69
17. Manipur	Nil	Nil	..	..
18. Tripura	1.05	0.89	..	1.94
19. Pondicherry	Nil	Nil	.	.
20. Andaman & Nicobar Islands	Nil	0.10	.	0.10
TOTAL	176.71	265.71	77.97	520.39

APPENDIX XIII

TABLE 2

Loans advanced by S.F.Cs. and Co-operative Banks to Small units acting as Government Agents as on 31-3-1959

	No. of loans sanctioned	Amount sanctioned (Rs. '000)	Amount Advanced (Rs. '000)
1. Bombay F.C. (as on 31-3-59)	36	1,389	3,80
2. Andhra Pradesh F.C. (as on 23-4-59)	1128	N.A.	21,89
3. U.P. F.C. (as on 31-3-59)*	174	56,35	30,77
4. Punjab F.C.**	N.A.	N.A.	N.A.
5. Urban Coop. Bank in Mysore	384	N.A.	9,75
6. Rural Ind. Coop. Banks in Mysore.	N.A.	N.A.	20,25

*Rs. 65 lakhs placed at the disposal of UPFC by the State.

**Rs. 6 lakhs placed at the disposal of F.C. by the State.



TABLE 3

Particulars of Loans sanctioned and advanced by the State Financial Corporations and the Madras Industrial Investment Corporation Ltd., as on the 31st December, 1958

Name of the Corporation	All Industrial units*			Small-scale industrial units**			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		No. of appli- cations sanctioned	Amount sanctioned (Rs. '000)	Amount advanced (Rs. '000)	No. of appli- cations sanctioned	Amount sanctioned (Rs. '000)	Amount advanced (Rs. '000)
1. Punjab Financial Corporation	.	121	1,58,73	80,49	73	50,28	29,27
2. Kerala Financial Corporation	.	90	1,42,32	1,15,84	61	47,34	42,07
3. Bombay State Financial Corporation	.	176	3,62,95	2,15,19	67	53,12	27,35
4. Andhra Pradesh State Financial Corporation	.	83	91,07	67,15	60	27,70	19,44
5. Assam Financial Corporation	.	43	1,10,40	84,43	19	14,25	8,16
6. West Bengal Financial Corporation	.	33	1,40,85	26,83	5	9,35	3,90
7. Uttar Pradesh Financial Corporation	.	49	99,99	68,14	29	19,82	17,47
8. Bihar State Financial Corporation	.	49	1,39,71	86,12	23	28,70	21,26
9. Rajasthan Financial Corporation	.	24	59,62	40,18	13	7,15	2,68
10. Madhya Pradesh Financial Corporation	.	19	69,65	47,65	11	10,40	1,50
11. Orissa State Financial Corporation	.	6	14,95	6,00	3	3,05	

()	(2)	(3)	(4)	(5)	(6)	(7)
12. Madras Industrial Investment Corporation Ltd. (as on the 26th December 1958.)	72	3,91,05	3,65,01	8	8,25	8,17
TOTAL	765	17,80,41	12,73,03	372	2,79,41	1,81,27

*The figures under all industrial units are inclusive of those relating to small-scale industrial units.

**Small-scale industrial units are those with capital assets of less than Rs. 5 lakhs and employing less than 50 workers if working with power or less than 100 workers if working without power.

APPENDIX XIII

TABLE 4

Number and total amount of loans for Rs. 50,000 and less Sanctioned and Advanced to individual units by State Financial Corporation as on 31-12-58

Serial No.	Name of Corporation	No. of units	Amount sanctioned (Rs. '000)	Amount Advanced (Rs. '000)
1.	Punjab F.C.	34	8,89	5,59
2.	Bombay F.C.	20	6,80	2,70
3.	Kerala F.C.	29	8,69	8,44
4.	Andhra Pradesh F.C.	54	16,04	7,78
5.	West Bengal F.C.	..	..	..
6.	Assam F.C.	10	3,15	2,58
7.	U.P. F.C.	15	3,82	3,23
8.	Bihar F.C.	..	..	..
9.	Rajasthan F.C.	5	1,50	1,03
10.	Madhya Pradesh F.C.	5	2,20	..
11.	Orissa F.C.	2	55	..
12.	Madras Industrial Investment Corporation Ltd., (as on 26-12-58)	1	50	50
TOTAL		175	58,14	31,85

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APPENDIX XIII

TABLE 5

STATE BANK OF INDIA ADVANCES TO SMALL SCALE INDUSTRIES

Progress Report as at the 31st December 1958

(ooo omitted)

Name of the 'Pilot' centre	No. of accounts	Total limit sanctioned	Outstandings
(1)	(2)	(3)	(4)
		Rs.	Rs.
Bengal Circle			
1. Calcutta and Howrah	66	23.46	7.53
2. Cuttack . . . . .	..	..	..
3. Dibrugarh	3	85	..
4. Kanpur	21	3.93	81
5. Patna	11	2.20	19
Bombay Circle			
6. Ahmedabad	8	2.23	91
7. Baroda	4	2.15	50
8. Bombay (including local branches)	64	45.24	14.08
9. Gwalior	2	40	23
10. Indore	2	1.35	..
11. Jubbulpore	5	1.47	46
12. Kolhapur	7	36	4
13. Nagpur	3	50	6
14. Poona	1	15	4
15. Rajkot	1	10	..
16. Sholapur	3	55	8
17. Surat	5	1.35	65
Madras Circle			
18. Adoni	4	2.80	..
19. Alleppey . . . . .	..	..	..
20. Bangalore (including Bangalore City)	37	12.10	7.21
21. Belgaum . . . . .	..	..	..
22. Coimbatore	35	14.43	8.92
23. Dindigul . . . . .	..	..	..
24. Erode	6	5.67	4.17
25. Hubli	2	40	26
26. Hyderabad (Deccan) (including Secun- derabad)	24	2.94	1.43
27. Kozhikode	4	23	4
28. Madras	37	11.06	7.23
29. Madurai	15	99	45
30. Mangalore . . . . .	..	..	..
31. Palghat	3	40	11
32. Quilon . . . . .	..	..	..
33. Rajahmundry	3	34	22
34. Salem	8	1.62	13
35. Tenali	3	40	..
36. Tiruchirapalli	6	1.12	63
37. Tirupati	4	56	..
38. Tirupur	1	10	..
39. Trichur	1	25	..
40. Trivandrum	19	5.22	1.47

	(1)	(2)	(3)	(4)
41. Vijayavada		21	6,87	3,71
42. Virudhunagar		1	20	..
43. Visakhapatnam		4	27	9
<i>Delhi Circle</i>				
44. Agra		26	6,91	1,06
45. Batala		24	6,86	2,05
46. Delhi		41	16,37	4,52
47. Jaipur		9	4,80	1,59
48. Jullundur		54	11,82	4,74
49. Ludhiana		46	22,53	7,76
50. Meerut		28	4,11	97
51. Moradabad		22	8,70	2,37
52. Ambala Cantt.		1	25	6
53. Amritsar		1	75	
TOTAL		696	23,736	8,677



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APPENDIX XIV

TABLE I

Industries for which Economic Surveys have indicated appreciable Scope for Expansion in Small Scale Sector

S. No.	Item	1957		1958		Percentage increased or decreased in 1958 over 1957 ex-ports	Percentage increase or decrease in 1958 over 1957 im-ports	Remarks
		Exports	Imports	Exports	Imports			
1	2	3	4	5	6	7	8	9
1.	Rubber and plastic Insulated Wires. . .	17,737	2,39,18,570	24,300	1,24,72,310	+ 37	-47.5	
2.	Nails of iron or steel for animal shoes . .	2,117	14,96,841	144	7,03,434	-94.2	-53.1	
3.	Wire netting	6,329	3,03,817	18,709	50,451	+ 195.6	-83.4	
4.	Bolts and nuts	3,35,867	83,16,091	1,38,124	32,55,791	-58.0	-60.9	
5.	Wood screws	8,501	14,15,117	23,291	3,70,465	+ 172.8	-73.8	
6.	Wire nails of all types	1,50,390	86,36,972	1,62,306	32,14,460	+ 79	-62.8	
7.	Panel pins	1,519	4,08,707	4	88,453	-99.8	-78.4	
8.	Motor starters	58,611	89,67,556	980	49,74,734	-98.3	-44.6	
9.	Torch bulbs	33	12,29,280	211	5,03,660	+ 540	-59.1	
10.	Microphones	636	6,03,614	1,025	1,18,525	+ 61.1	-80.4	
11.	Electric fans	17,31,820	3,43,433	18,92,410	57,928	+ 9.2	-83.2	
12.	Magnets	330	14,17,157	326	11,57,578	-1.2	-18.4	

I	2	3	4	5	6	7	8	9
13.	Cycle chains . . . . .	..	14,70,193	..	9,86,603	..	—32.9	
14.	Electric horns for motors . . . . .	..	14,21,988	..	6,74,640	..	—52.6	
15.	Loud speakers . . . . .	..	13,98,519	..	9,49,783	..	—32.1	
16.	Carbon electrodes . . . . .	..	29,98,000	..	..	..	..
17.	Typewriter parts & accessories	9	25,72,484	18	20,79,333	+ 100	—91.2	
18.	Shoe eyelets	30	8,55,336	3,323	4,11,821	+ 10976.6	—51.6	
19.	Radio loudspeaker	4,718	13,98,519	..	9,49,783	—100	—31.8	
20.	Diesel engine vertical stationary	7,63,402	82,48,412	4,31,068	29,50,695	—44.5	—64.2	
21.	Clinical thermometers . . . . .	..	9,29,636	..	3,08,464	..	—66.8	
22.	Surgical, medical & dental instruments and appliances.	1,20,889	50,66,609	52,740	37,27,712	—56.4	—29.4	
23.	Gramophone needles	874	3,74,045	9,643	8,719	+ 1003.3	—97.4	
24.	Safety razors complete	250	10,11,165	252	1,53,274	+ 0.0	—84.9	
25.	Builders hardware	13,74,824	56,72,132	8,39,825	23,03,787	—39.9	—59.4	
26.	Domestic electric appliances all types	41,339	1,14,56,261	26,534	88,99,512	—35.8	—22.4	
27.	Electrical porcelain insulators (all types)	40,013	1,00,21,097	9,192	1,16,00,081	—77.1	+ 16.6	
28.	Enamelled copper wire . . . . .	..	73,02,478	33,040	9,21,08,257	..	—70.0	
29.	Machine tools	1,00,246	9,97,17,778	36,949	9,26,36,335	—63.1	—7.1	
	TOTAL	47,60,484	21,89,71,807	36,71,464	15,77,05,591	—22.9	—28	

APPENDIX XIV

TABLE 2

Industries in respect of which exports have gone up but imports have gone down during 1958 over 1957

S.No.	Item	1957		1958		Percentage increase in 1958 over 1957 ex-ports	Percentage decrease in 1958 over 1957 im-ports.	Remarks
		Exports	Imports	Exports	Imports			
1	2	3	4	5	6	7	8	9
1.	Measuring tapes	4,748	12,42,745	8,527	4,45,742	+ 79.5	-64.2	
2.	Manometer	947	76,754	1,657	44,547	+ 74.9	-41.7	
3.	Rubber & plastic insulated wire	17,737	2,39,18,570	24,300	1,21,72,310	+ 37	-47.9	
4.	Wire netting	6,329	3,03,817	18,709	50,451	+ 195.6	-83.4	
5.	Wood screws	8,501	14,15,117	23,291	3,70,465	+ 172.8	-73.8	
6.	Wire nails of all-types	1,50,390	86,36,972	1,62,396	32,14,460	+ 7.9	-62.8	
7.	Plastic buttons	33,337	62,665	39,772	1,073	+ 19.3	-98.3	
8.	Umbrella ribs	9,837	29,02,417	35,272	2,74,854	+ 258.5	-90.5	
9.	Torch bulbs	33	12,29,280	211	5,03,660	+ 540	-59.1	
10.	Microphone	636	6,03,614	1,025	1,18,525	+ 61.1	-80.4	
11.	Electric fans	17,31,820	3,43,433	19,02,408	57,928	+ 9.2	-88.2	
12.	Typewriter parts and accessories	9	25,72,484	18	20,79,333	+ 100	-91.2	
13.	Gramophone needles	874	3,74,045	9,643	8,719	+ 1003.3	-97.4	

I	2	3	4	5	6	7	8	9
14.	Fruit, vegetable preservation and preparation	42,04,281	11,86,091	87,02,913	1,37,099	+ 107.9	—88.4	
15.	Safety razor (Complete)	.	10,11,165	252	1,53,274	+ 0.0	—84.9	
16.	Safety razor blades	19,449	36,52,115	40,541	77,306	+ 108.7	—97.9	
17.	Domestic refrigerators & parts	5,015	42,72,328	20,678	15,33,934	+ 312.0	—64.6	
18.	Air conditioning and Commercial refrigerator equipments and parts	61,455	2,99,92,292	2,69,380	1,73,85,335	+ 337.4	—42.0	
TOTAL		62,55,648	8,37,95,904	1,12,60,993	3,89,28,015	+ 80.0	—53.5	

APPENDIX XIV

TABLE 3

Industries in respect of which both Imports and Exports have gone down in 1958, when compared to 1957

S.No.	Item	1957		1958		Percentage increase in 1958 over 1957 ex-ports	Percentage decrease in 1958 over 1957 imports	Remarks
		Exports	Imports	Exports	Imports			
1	2	3	4	5	6	7	8	9
1.	Balance	11,772	11,79,143	6,350	5,58,980	-46.1	-52.6	
2.	Drawing instruments	40,899	7,76,867	15,683	1,11,696	-61.7	-85.6	
3.	Vernier callimar & micrometer	4,997	4,79,688	105	3,59,429	-97.9	-25.3	
4.	Compasses	2,213	35,004	651	16,899	-70.6	-51.8	
5.	Locks (all kinds)	7,91,061	16,70,584	5,86,214	4,46,042	-25.8	-73.9	
6.	Sports goods	9,34,882	9,69,903	8,38,440	2,83,630	-11.3	-71.8	
7.	Fountain pens	98,340	5,52,429	60,158	14,494	-38.8	-97.4	
8.	Paper clips	3,696	26,716	1,368	167	-63	-99.4	
9.	Umbrella (complete)	7,13,451	40,781	1,85,538	1,117	-74	-97.3	
10.	Glass beads and false pearls	29,115	16,11,495	16,922	2,08,143	-41.9	-87.7	
11.	Sealing tax	10,040	2,555	7,454	61	-25.8	-97.7	
12.	Duplicating ink.	2,887	11,607	2,845	1,726	-1.5	-85.2	

1	2	3	4	5	6	7	8	9
13.	Spectacle frames :							
	(i) Plastic	2,21,141	1,90,744	1,07,334	6,756	—51.5	—96.5	
	(ii) Metal	198	2,92,277	..	15,773	—100	—94.7	
	(iii) Other material	5,234	17,825	1,533	1,001	—70.8	—94.4	
14.	Crown cork	21,735	5,917	1,555		—72.8	—100	
15.	Spring leaf for :							
	(i) Motor vehicle	14,120	17,54,906	..	3,87,700	—100	—77.9	
	(ii) Railway and tramway . . . . .	..	6,02,119	..	1,11,103		81.5	
	(iii) Leaf spring	10,735	1,58,085	..	69,959	—100		
16.	Rubber eraser	5,766	1,18,000	1,071	19,116	—81.4	—83.8	
	TOTAL	29,82,262	1,04,96,645	18,33,221	26,13,852	37	75	

APPENDIX XV

TABLE

Number of Units Assisted and Quantum of Assistance rendered by Schemes and States (1956-57 to 58-59 inclusive)

(Figures in brackets denote number of units assisted)

Scheme	Unit of assistance.	Rs. in lakhs	Andhra Pradesh	Assam	Bihar	Bombay	Madhya Pradesh	Madras	Orissa	Punjab	Uttar Pradesh			Total
											Pradesh	Ministered Areas	Others	
1. Loans under S.A.I. rules		34.48 (860)	12.39 (647)	..	..	24.90 (83)	25.92 (1058)	51.16 (6,723)	10.72 (55)	116.13 N.A.	119.25	29.35 (571)	2.77 (44)	
2. Industrial Estates		32.15 (15)	27.49 (13)	..	..	51.92 (50)	N.A. N.A.	14.91 (11)	14.91 (11)	36.21 N.A.	45.68 N.A.	37.68 (34)		
3. Quality marking		0.15 (nil)	N.A.	No scheme	No scheme	3.91 (773)	4.66	..		
4. Subsidy on power supply		0.74 (N.A.)	N.A.	Do.	Do.	..	..	..
5. Training-cum-production centres		22.00 (619)	4.76 N.A.	4.75 (N.A.)	..	14.37 (111 trained)	N.A. (512 trained)	6.53 (182 trnd.)	6.53 (182 trnd.)	4.91 (168 T.)	72.88 (6487 T.)	0.06 (74 T.)	6.95 (14 trained)	
6. Sales Emporia		0.0 (272)	8.28 (272)	..	..	..	N.A.	No scheme	No scheme	..	..	1.59 N.A.		
7. Common Facility centre.		0.30	..	..	..	..	..	6.07 (390)	909	..		
8. Industrial co-operatives		31.22 (149)	1.06 (149)	..	..	27.10	..	..	..	1.75 (2482)	1.60	..	..
9. Production centres		8.16	..	11.99	..	..	..	19.55	19.55	1.62 (23)	..	..	4.86 Nil	
10. Share capita in private limited companies.		20.73 (30)	20.73 (30)	..	..	..	..

APPENDIX XVI

New Additional Estimated Production per year from the last year of the Third Plan

	Rs.
Investment per person on building and machinery	6,000
Working Capital	1,500
TOTAL	7,500
Annual production per person	8,000
Production of the order of	3,50,000 ; 8,000 = 28,00,00,00,00 or 280 crores per year.

(This figure does not include the production of those many units which are bound to be established as a result of the encouragement and help given to small industries in general, but in respect of which entrepreneurs may not seek financial loans etc. from Govt.).



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